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ABSTRACT

This third volume in the Entrepreneurship Education curriculum materials includes readings and suggested additional resources which complement the instructional strategies contained in the first two volumes. Three sections are included in the guide: critical incidents, readings in entrepreneurial skills, and management skill area resources. Critical incidents are two types: those related to business and non-business situations. The second section contains student readings in eight entrepreneurial skill areas: inner control, innovation, decision making, human relations, planning and goal setting, reality perception, risk taking, and using feedback. The third section contains resources for the management skill areas. (LRA)

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Entrepreneurship Education

Supplementary Readings

CE 026 437

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Foreword

The Illinois State Board of Education is pleased to make available the three-volume resource of curriculum materials: Entrepreneurship Education. In addressing self employment as a career option, these innovative materials indicate one important direction for vocational and technical education in the eighties. Education for self employment has many implications. It increases career options and can enhance job satisfaction for those who create their own careers. As more individuals assume responsibility for job creation, the number of people looking to the labor market for jobs diminishes. The number of jobs should also increase as new enterprises are initiated.

The first volume: ENTREPRENEURSHIP EDUCATION: LEARNING THE SKILLS stresses the personal skills which people need to be effective entrepreneurs - skills such as decision making, innovation, planning and goal setting, and risk taking. These skills have a wide application to many aspects of life. The materials may consequently be used in a variety of settings at the late secondary and adult levels: career exploration, cooperative, career change, business, and correctional to name but a few.

The second volume: ENTREPRENEURSHIP EDUCATION: APPLYING THE SKILLS addresses the application of the skills to self employment.

The third volume: ENTREPRENEURSHIP EDUCATION: SUPPLEMENTARY READINGS includes readings and suggested additional resources which complement the instructional strategies contained in the first two volumes.

Special recognition is given to the project staff who worked on the conceptualization and development of the materials. Sincere appreciation is extended to the community college personnel who provided invaluable input at the developmental and field test stages:

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Introduction

Supplementary readings and other resources are included here in three separate sections: Critical Incidents, Readings in Entrepreneurial Skills and Management Skill Area Resources. Critical incidents are examples of people using or failing to use entrepreneurial skills. Incidents are of two types: those relating to business situations and those relating to non-business situations. A variety of suggestions are made for using critical incidents as teaching and evaluation aids.

The second section contains student readings in each of the eight entrepreneurial skill areas. These readings are intended for duplication and distribution to students. They have been selected to aid further awareness and understanding of the entrepreneurial skills. Readings for the entire class may be chosen by the instructor.

The third section contains resources for the management skill areas. Specific information on how to obtain pertinent literature from the Small Business Administration is given. Textbook suggestions are given, and specific textbook chapters are listed for use in each of the management skill areas. These resources are for use in introducing the management skill areas and for student use in planning and developing their projects.

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Critical Incidents

The critical incidents presented here are brief illustrations drawn from real life experiences. Instances are presented in which people used entrepreneurial skills effectively or failed to use skills when they were needed. Both business related and non-business related incidents are included. Each incident is followed by a brief discussion of the skill illustrated. Many of the incidents illustrate a combination of skills, in keeping with the integrated approach.

WHY CRITICAL INCIDENTS?

Without any examples of how entrepreneurial skills are applied in real life, the skills could become abstract and difficult to comprehend. Critical incidents illustrate succinctly the importance of the entrepreneurial skills and how the skills are applied.

As students become aware of and practice the entrepreneurial skills, they are likely to begin recognizing "critical incidents" in their own lives, in their observations of others, and in their routine reading. This recognition provides reinforcement of class and out-of-class learning experiences. Using critical incidents in teaching can encourage students to recognize the skills in their own lives.

HOW ARE CRITICAL INCIDENTS USED?

A number of suggestions for using critical incidents are given. Each class session in the volume ENTREPRENEURSHIP EDUCATION: LEARNING THE SKILLS includes at least one critical incident, listed under the heading Materials. This provides the instructor with a

guide to critical incidents which are pertinent to each session. The incidents are presented in the order in which they are listed in the class sessions.

1. The critical incidents may be used in class by the instructor as illustrations of the entrepreneurial skills.
2. They may be used as mini case studies for class discussion.
3. Critical incidents may be used as outside reading material for students.
4. Critical incidents may be used as test items in a Skill Analysis format examination. (See the section Evaluation of Students in the volume ENTREPRENEURSHIP EDUCATION: LEARNING THE SKILLS.)

The critical incidents contained in this section are meant to be resources on which to build. The instructor with the help of students can collect additional incidents in the same way these incidents were collected. Reading materials such as magazines, newspapers and books are rich sources of critical incidents. A file can be developed over a period of time with a minimum of effort simply by collecting incidents as they are encountered.

Selected Critical Incidents

BOOTSTRAP SPIRIT

New Yorkers themselves have done a lot to help their city through the worst of its fiscal crisis. There are some 39,000 city blocks in New York, and an incredible 10,000 of them have formed themselves into associations aimed at improving the quality of life in their neighborhoods. These block associations, as well as tenant committees, schools, churches, and other grass-roots groups, have "turned on" in an all-out effort to fill the gaps where city services have been cut back.

Thousands of people have volunteered their services directly to the city. Hundreds of thousands give their time and talent to making their neighborhoods a better place to live, work and play, with such self-help activities as clean-up drives, security patrols and shopping escorts for the elderly.

Inner Control

This is an example of people working as groups to maintain inner control in a difficult situation. Rather than allowing the quality of their lives to be controlled by the fiscal crisis, these people organized themselves to handle the situation.

Reality Perception

These groups of people used reality perception in at least two ways: 1) they recognized the possible consequences of the fiscal crisis on their lives, and 2) they recognized their own ability to do something constructive about it.

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SUSAN JOHNSTON

At the age of 26, and with $50 in savings, Susan Johnston saw her life going nowhere fast. Her interests were in children and education, but her job as a public school teacher was frustrating and unsatisfying. She decided that she would like to open a nursery school.

While she still held her teaching job, she spent every free minute reading, studying, visiting schools, talking to people and looking for a suitable building. Nothing turned up for four months. It was July, and she knew that the best time to open a school is September. Then she got an opportunity to buy a building from a woman who had run a school for 30 years and wanted to retire.

Susan had no credit established, but tried contacting the bank that had arranged her college loans. After the bank turned her down, she asked a friend to help her put together a prospectus. The bank realized she was serious and gave her a loan. Then she was able to get a mortgage on the building.

Inner Control

Susan used inner control in at least three ways in this example. First, she decided to make a change in her life to eliminate the unsatisfying and frustrating situation she was in. Second, she acted on her idea of starting a school by getting as much information as possible about it. Third, she overcame her problem in obtaining a loan, even after she had been turned down.

Adapted from "Teaching Tots: A Business Education," by Casey I. Herrick, Enterprising Women, Vol. II, Issue 6, February 1977. © 1977 Artemis Enterprises Inc., 217 E. 28 st. NYC 10016. Excerpted with permission.

USED CAR SALESMAN

A used car salesman hated his job because it sometimes involved unloading questionable cars on ignorant buyers. He longed to quit, but the only thing he knew was cars. He set up a used car locating-and-inspecting service. For a modest fee, he helps prospective buyers locate cars and lists the cars' present and potential problems, along with repair estimates.

Inner Control + Using Feedback

This man might have resigned himself to the circumstances, but instead he decided to change them. Using feedback from himself (the fact that he disliked his job and the reasons he disliked it) and from customers (their ignorance and need for guidance in selecting used cars) provided the idea for his business. He ended up with a profitable business and work with which he felt happy.

From "How to Solve Problems Like an Expert" by Fredelle Maynard. Excerpt adapted and reprinted by permission of Woman's Day Magazine. Copyright © 1976 by CBS Publications, Inc.

JOE SUGARMAN

Joe Sugarman started a mail-order business in 1971 in his basement. By 1975, his business was "growing like crazy" and Sugarman described it as resembling a bookie operation: phones ringing, 50 people running around. Then he realized that it wasn't just growth, but the quality of growth that mattered.

As a result, Sugarman developed what he calls the 20-80-30 rule: If you're willing to lose 20% of your profit, you'll eliminate 80% of your problems, and make 30% more profit. The problem is knowing which 20% to cut.

He abandoned his plans for retail outlets, he cut out his premium incentive division, and eliminated all open account billings, among other things. The business shrank to 15 employees. Three years later, the business was back to 50 employees, and Sugarman remarks, "But, the point is that we're now a quality operation that works efficiently."

Planning and Goal Setting

This is an interesting example of a person who realized suddenly that his goals for his business were unclear. Once he realized that he wanted an efficient, quality operation, his direction changed sharply. His action may seem drastic, but his new operation may have saved his business failure in the long run.

Adapted with permission from "The Crown Prince of Mail Order," by Carol Shapiro, Free Enterprise, October 1978, p. 25.

SANDRA WINSTON

When Sandra Winston took a music appreciation class in college, she found out that the only way to earn the A she wanted was to learn to play Bach's Fugue in G. She had never played the piano and thought of herself as being completely uncoordinated. She realized that using two hands to play the piano was complicated enough and that to play a fugue demanded total concentration and skill. She made up her mind to do it. She set her goal to accomplish it, and with practice and determination she did.

Inner Control + Planning and Goal Setting

Here is a clear case which could have been a set-up for control by a powerful other person. Instead of blaming the circumstance, she made it work for her. To accomplish her goal, she had to have a goal, and she had to organize her time to work toward it.

Adapted from The Entrepreneurial Woman, by Sandra Winston. © 1979 Newsweek Books, New York. All rights reserved.

RICHARD AND JESSICA LEY

The evening Richard and Jessica Ley opened the Linden Tree Cafe, 46 guests arrived at 8 p.m. After taking orders for cocktails, Jessica went to the kitchen to warn the cook. She found the place in chaos. Every pot, pan, and dish in the kitchen had been used. She had forgotten to hire a dishwasher! Worse, the cook was sitting on the floor (the only seating space not covered by cookware), munching. It turned out that the cook was a diabetic and had to eat and rest at 8 p.m. sharp.

Inner Control

This is a case in which control seemed to be left to chance.

Planning

The chaotic situation seemed to result in part from lack of planning.

Adapted with permission from "The New Restaurant Entrepreneurs", by Colin Leinster. Free Enterprise, Oct., 1978, pp. 40-44.

REAL ESTATE AGENT

In the middle of the depression, a man decided to go into the real estate business. He took care of the necessary preliminaries and opened a small office in Los Angeles on a street known as "Real Estate Row."

For a month, he sat in his office waiting for someone to come around to buy or sell some real estate. No one did. He began to notice that none of the other real estate offices were doing any business either. It was the time of a widespread depression, and no one was buying much of anything.

After three months of trying to think of ways to avoid starving to death, he hit upon an idea. On the big Real Estate sign in front of his office, he printed at the bottom in small conservative letters: "We do not handle homes under $25,000."

Business began to pick up almost immediately. People who had homes valued at $25,000 or more began to drop in, asking him to sell their homes. He called only on people who could afford $25,000 homes, and he began to sell.

Inner Control + Reality Perception

While we might question the reality perception of a man who decided to go into real estate--one of the hardest hit industries--during the depression, this man's ability to find a market definitely demonstrates his reality perception. By restricting his business to the only people in the area who could buy and sell homes, he made the difference between success and failure. His customers naturally wanted to do business with a real estate agent who catered to the kinds of deals which interested them. This man was in the same circumstances as all the other agents who were complaining about how bad business was. By using his reality perception to assess the situation and his inner control to make it work for him, he made his business work.

Adapted from "It Isn't the Job--It's You," by Earl Nightingale, Success Unlimited, February 1975, pp. 26, 28. Copyright, Nightingale-Conant Corporation, 3730 West Devon Ave., Chicago, Il 60659. Reproduced by permission.

SUBURBAN DRUG

The owner of a small suburban drug store requested help in improving his business from the Small Business Administration. One of the SBA's programs offers businesses advice by working with local universities. College students studying business subjects are sent to businesses requesting help to identify problems and give advice.

After studying the business for a year, the two college students assigned to the business reported the following problems:

1) the store was cluttered and needed a new traffic pattern

2) the store was dirty

3) too many product lines were offered

4) the owner had difficulty dealing with customers on a personal basis

The owner was not ready to take the word of a couple of students, so he hired a professional management consultant. The consultant sent a report to the owner that made many of the same recommendations the students had made. The owner quickly contacted the college for more student consulting.

Reality Perception

This store owner seemed to have an unrealistic view of his business. Further, he initially rejected good advice simply because it was given by students. Later his reality perception was improved by getting similar information from a consultant. Perhaps his reality perception had also been impaired by his inability to see his own faults.

"Small Businessmen Reap Profit from Student Aid," Chicago Daily News, May 4, 1977. Reprinted with permission.

CAROL MELSON

When Carol Melson was widowed six years ago, she decided to carry out her husband's plans for a new business, even though she had never worked outside the home a day in her 13 years of marriage. Her husband, Frank, had spent five years trying to resume production of what many Southerners consider the ultimate in well-designed rocking chairs: the Brumby rocker. The original company which produced the chairs had gone out of business in 1944. Just before his death, Frank Melson had managed to locate and purchase the original machinery from the Brumby plant and had built a factory for the new business.

Instead of heeding advice to sell the business, Carol urged seven craftsmen from the original plant to leave retirement and teach her the trade. Customers now flock to the Melson showroom because they say that the rockers are simply the best that money can buy.

Decision Making

Although the groundwork for starting the business had already been done by her husband, Carol Melson had a critical decision to make--whether she could handle the business herself. A different person might have decided rightly against carrying out the plans. Two important issues she had to decide about were the feasibility of the business itself and her ability to learn the skills she needed.

Risk Taking

Although she had no business experience, Carol decided to go ahead. She moderated the risk by getting the benefit of expert assistance.

Adapted with permission from Free Enterprise Magazine, October, 1978.

VACATION POOL

Four couples concocted a vacation plan that worked so satisfactorily this summer that they plan to do it again. "We all went together and rented a country house for two months," explained one of the wives to a friend. "Each couple spent their two-week vacation there, taking care of all 13 children."

"Good heavens!" exclaimed the friend. "I wouldn't call taking care of 13 children a vacation--though it would be wonderful for the kids."

"Oh, the two weeks were hell," admitted the mother. "The vacation was the six weeks at home without the kids!"

Innovation + Planning

This unusual approach demonstrates the value of looking at things backwards to develop novel solutions to problems. The people involved in this plan seemed to be clear on what their goals for a vacation were. By cooperating and planning ahead, they were able to get a "return" of six weeks of peace and quiet from an "investment" of two weeks of hassle.

From Reader's Digest, February, 1979, p. 61. Contributed by G. H. Hennegar.

BEVERLY RIVERS

Business Partner Search was founded by Beverly Rivers, who was inspired by the difficulty she herself had in finding a partner for a service business she had hoped to start. She tried to find a partner through ads she found in the Wall Street Journal and the New York Times and had no luck. She placed her own ads and found mostly dead ends in the torrent of telephone calls that followed.

The idea occurred to her that if she had the need for a type of partnership clearinghouse, that hundreds of others would have the need too.

Innovation

Beverly Rivers used a difficult situation to inspire an innovative business idea.

Reality Perception

She was able to see past her own problems to make a situation work for her.

Adapted with permission from "Where to Find a Business Partner," by Jeannie Mandeleker, Free Enterprise, October 1978.

WALT DISNEY

Walt Disney seldom surveyed his animators' work while they were creating. He understood the fragile nature of the creative process, and he wouldn't intrude. But there was nothing to stop him after the animator had left for the day. Walt's nighttime visits to the offices became legendary, and animators often left their best work on the drawing table overnight, anticipating that Walt would inspect it. But sometimes they arrived in the morning to find crumpled sheets of paper rescued from wastebaskets and pinned on a storyboard with the notation in the unmistakable Disney script: "Quit throwing the good stuff away."

Innovation

Disney knew that many good ideas are scrapped and never get the chance they need to work.

From: Walt Disney: An American Original, by Bob Thomas. Used with permission of SIMON & SCHUSTER, a division of Gulf and Western Corporation.

RENE ROBAIRE

Rene Robaire is the manager of a Los Angeles office machine company which specializes in Sony dictating equipment. Sony's competitors had thin, hand-held microphones with simple controls. The Sony microphone, by comparison, had to be set on a table.

Rene Robaire used what might have been a competitive disadvantage as an asset. He instructed his sales staff to refer to the Sony microphone as a "touch tone mike with fingertip control." They told their customers that they didn't have to hold the microphone like other brands.

This sales pitch was so effective that when Sony came out with a new, simplified slim-line microphone, none of these customers would buy it because they liked the old "touch tone" microphone.

Innovation + Reality Perception

This is an example of turning a negative into a positive selling point. By looking at the situation as an opportunity rather than a problem, this manager was able to see a different reality and capitalize on it.

Adapted from "Getting Lucky: It's More Than Stars and Fate", by David Shaw, Success Unlimited, February 1975, p. 36-37. Copyright, 1974, Los Angeles Times. Reprinted by permission.

KONOSUKE MATSUSHITA

Konosuke Matsushita owned a company which manufactured electrical plugs. In an effort to expand his business, he devised a battery-powered bicycle lamp. This was in 1923, and batteries were generally unrealiable and lasted three or four hours. Matsushita's new lamp had a battery that lasted 30 hours.

He was sure the new lamp would sell since it was attractive and long-lasting. He placed orders with subcontractors for the thousands of casings and batteries per month, with Matsushita's company doing the final assembly. To his surprise, the lamp did not sell at all. The public and the merchants had built up a distrust in dry-cell batteries. Matsushita had to overcome this if his product was to be a success.

Matsushita went to bicycle shops and told the owners that he would leave three lamps in each shop on consignment. He gave each owner a lamp if the owner would keep the lamp lit and a record of how long it burned.

The shopkeepers found that the bicycle lamps were good for 30 hours. As a result, they recommended the lamps enthusiastically to their customers. In two months, Matsushita's inventory of lamps was cleaned out, and he began receiving repeat orders.

Innovation

Matsushita knew he had to take a different approach to overcome resistance to his bicycle lamp.

Using Feedback

By using the feedback he got from shop owners, Matsushita realized that he would literally have to show his potential customers the reliability of his product. By recognizing the reason for the product's failure, he was able to take steps to change the situation.

Adapted from "Konosuke Matsushita of Matsushita Electric." Reprinted by permission from NATION'S BUSINESS, January 1971. Copyright 1971 by NATION'S BUSINESS, Chamber of Commerce of the United States.

NORMAN WILTON

Norman Wilton learn cake decorating as a child from his father. Wilton decided to start a school for bakers. He placed a full-page ad in a baker's magazine and attracted bakers from around the country. The eventual result was that bakers who attended Wilton's school went home and started their own schools, competing with him.

As a result of this development, Wilton decided to write a book on cake decorating for homemakers. There was one snag--publishers weren't interested. Wilton published 10,000 copies and distributed them himself. He got a lucky break when McCalls magazine came in contact with his book and did a series of articles about Wilton.

Readers of Wilton's book then began writing to him to ask where they could buy cake decorating tools. As a result, Wilton expanded to provide cake decorating products on a mail-order basis. He printed a book which was half catalog for his products and half instructions on cake decorating.

Innovation

This case illustrates how a series of innovations was used to start and expand a business.

Using Feedback

As a result of his activities, Wilton created a need. He used the feedback from his readers and customers to introduce new products to fulfill the needs.

Adapted with permission from "The Big Break," by Carol Eannarino, Free Enterprise, October 1978.

JESS LAIR

Jess: I was thirty-five; I had a small one-man advertising agency in Minneapolis. I had lunch one noon to discuss with a friend a plan I had been working out over the last year. The plan carefully outlined how I was going to generate $500 to $1,000 a month extra income to be invested in real estate and the stock market. I was going to generate this money by forcing myself to work harder at a business I hated and feared. The purpose of my plan was to generate enough savings in the next fifteen years so that I could retire at fifty and finally do what I wanted to do.

As I tell you about it now, that sounds so absurd that you might have trouble believing it. But absurd or not, that was me. Or at least that was the screwed-up thinking I was doing then.

Well, the deep part of me must have seen the absurdity and futility of what I was planning. On the way back to my office, my heart rebelled. I think my heart said to my head, "Look, you dumb-head, you may want to go down that sick path, but I'm not going along." So I had a heart attack.

As I lay in that hospital receiving room I felt a deep calm. I saw that my whole life had gotten way off path. It was like coming to a fork in a road and taking the wrong fork and then another and then another.

Decision making + Using Feedback

This example shows the importance of considering your personal feelings and priorities when making decisions. This man went to the extreme of having a heart attack before realizing that he was ignoring his own feelings. He did use the feedback from his heart attack to revise his decision. This also demonstrates that decisions are not irrevocable. Feedback can usually be used to modify decisions.

From: HEY GOD, WHAT SHOULD I DO NOW? by Jess Lair and Jacqueline Lair. Copyright © 1973 by Jesse K. Lair and Jacqueline Carey Lair. Reprinted by permission of Doubleday & Company, Inc.

MARILYN KAY

Marilyn Kay owns and runs a private reading clinic. She described the reasoning she used in making a decision about changing the legal form of her organization:

"The advantages of becoming a not-for-profit group became evident during the past year when we were planning a scholarship fund, when we asked to use public facilities, and when we tried on several occasions to work with not-for-profit groups. Often the question of our tax status would arise, and opportunities were cut off because of our status as a private business.

At that time I decided that a not-for-profit legal structure would be in the best interests of our clinic program.

Later I collected information from numerous sources and made two lists showing the advantages and disadvantages of my present structure and those for a not-for-profit structure.

While there were many advantages related to the not-for-profit structure, I decided to remain a private clinic. The increased paper work and the loss of control resulting from establishing a not-for-profit corporation were disadvantages that could not, at this stage in the clinic's development, be justified.

The critics who may believe that a clinic with our services ought to be not-for-profit may cause some problems for the clinic, but I'm willing to take that risk and enjoy being in control and relatively free of further government regulations and the ensuing paper work that would result.

It may well be that as the business changes and grows and as I obtain more information from other sources, I may consider reversing my position."

Decision Making

This description shows several aspects of good decision making. First, it is clear that much information had been collected and examined as an aid to making a decision. Second, the advantages and disadvantages were weighed carefully. Third, the decision was made with a view to the priorities of the decision maker. Fourth, and perhaps most important, flexibility was maintained for changing the decision later if need be.

Used with permission from Marilyn Kay, Urbana, Il.

LUPE NAVARRO

Lupe Navarro and her family had a dream of owning and running a restaurant in honor of the family's proud Peruvian heritage. But things had been going wrong almost from the start. They bought a three-story building for $10,000. By using $8,000 in loans the family worked on it after their regular jobs and on weekends. Then the building was vandalized, and they had to start all over again. They got a loan of $28,000 from the SBA, but later discovered they needed a lot of things they hadn't anticipated. The building's plumbing had to be replaced. The furnace required extensive repair. Utility bills were higher than they had expected. The renovation cost much more than they had expected.

Looking back, Lupe Navarro realizes that the family did not have the experience to know what size loan to ask for. The business should have been open months ago, and they still have to buy supplies and finish the remodeling. None of the family members can get a loan. Their only hope now seems to be getting another SBA loan or money from relatives.

Decision making + Planning

This seems to be an example of a difficult situation caused by making decisions based on inadequate information. Many of the problems were caused by a lack of planning and experience. More careful planning would probably have helped Lupe Navarro make a better estimate of the size of loan she needed and the amount of time it would take to complete the remodeling.

From "Time runs down for family dream," Dorothy Collin, Chicago Tribune, March 11, 1979. Reprinted, courtesy of the Chicago Tribune.

ABRAHAM MASLOW

Abraham Maslow, a well-known psychologist, began his study of psychology in what he considered an unfortunate manner. He had become excited about studying psychology, and decided to go to study at Wisconsin after seeing in the college catalogue that Koffka, a psychologist, Dreisch, a biologist, and Maiklejohn, a philosopher, were there. When he arrived on campus, he discovered that they had been visiting professors, and they were no longer at Wisconsin.

Decision Making + Reality Perception

Although Dr. Maslow managed to make the best of this situation, it is an unfortunate example of making a decision on the basis of a distorted perception of reality. Many people have a tendency to believe without questioning anything they see in print. Perhaps his judgment was also clouded by his enthusiasm--that is, he saw things as he wanted them to be rather than as they really were.

Adapted from Personality Theories: Basic Assumptions, Research, and Applications, by Larry A. Hjelle and Daniel H. Ziegler. Copyright © 1976, McGraw-Hill Book Company. Used with permission of McGraw-Hill Book Company.

SUSAN

Susan's doctor had recommended that she have surgery. She was frankly frightened even of minor surgery, but she was afraid to question her doctor. Fortunately she had a friend who was also a doctor, so she called her friend and explained her symptoms and her fears. Susan's friend examined her, and discovered that her problem could be handled by a simple office procedure.

After that experience, Susan felt a heightened sense of self-esteem, which carried over into her business. She had had a tendency to believe "the experts" even when she didn't understand what they were telling her. Now she decided to question things she didn't understand. Her accountant had given her some tax advice she didn't quite understand. She called her accountant, asked about the tax advice, and got a clear answer. This information influenced her decision on how to expand her business.

Decision Making + Using Feedback

In both instances described here, Susan used feedback to improve her decision-making ability. The most important bit of feedback she got and used, however, was about herself. Her tendency not to question an "expert," and the consequences became clear to her with the incident with her doctor. The important point is that Susan used this information about herself to improve her decision-making ability generally.

Adapted from The Entrepreneurial Woman, Sandra Winston © 1979 Newsweek Books, New York. All rights reserved.

PRESTON LOVE

Preston Love opened Datamart in Atlanta, Georgia after working for 11 years in the field of data processing. He handles a range of microcomputers and components for home use. For example, one of his simpler models can be programmed to balance a checkbook, keep track of social engagements, Christmans card lists and recipes, regulate lights, heating, cooling, or play backgammon.

Love's store is specially designed to let consumers discover computers, to feel comfortable with the hardware. They can use the different models, play around with different applications, learn what a computer can do, how it can make life easier. "It's not like selling used cars," Love remarks. Love does a lot of advertising and promotion, with the result that people come to the store to satisfy their curiosity. But they tend to come back several times, and Love says "When they come back the third time, we know they're sold."

Human Relations

Preston Love demonstrates his human relations ability in the way he sets up his store. He recognizes and allows for the need of prospective customers to get familiar with computers.

Adapted from "New Item for Consumers: Microcomputers." Reprinted by permission from NATION'S BUSINESS, April, 1978. Copyright 1978 by NATION'S BUSINESS, Chamber of Commerce of the United States.

CONNIE SELL

When the editor of the newspaper she worked for became ill, Connie Sell was swamped with the work of two people. Then a friend approached her to do an interview article about a group which needed publicity. While she wanted to help the group, she didn't see how she could make the time. As a solution to this problem she agreed to do the article, provided that the group would supply her with interview questions. By delegating what whe saw as being the most time-consuming part of the job, she was able to get the article finished without making unreasonable demands on her time.

Human Relations + Planning

This situation is a fairly common one and can be difficult to handle to everyone's satisfaction. The importance of maintaining good will by agreeing to spend time on a project often has to be weighed against the amount of time a person has available. People who over-extend themselves by making too many promises may end up disappointing people they were trying to please. One way of avoiding this is planning far enough ahead to delegate parts of the responsibility for some jobs.

Used with permission from Connie Sell, Champaign, Il.

SPARTA DISPOSAL SERVICE

Two couples started a garbage collection business because they were unhappy with the refuse collection service in their rural area in New Jersey.

Initially, one of the biggest problems was pricing. They decided not to undersell themselves when applying for their price as a public utility. Sparta charged the same price as their competitors, but offered an extra service to entice new customers. The extra was the promise to keep all garbage areas clean and to return the lids with the cans. While their competitors only offered curb service, Sparta offered a choice--pick-up from the garage, back yard, or even the kitchen for an additional fee.

Senior citizens were given a special consideration. A high school program was utilized in which students worked part-time in exchange for experience and training. Sparta's trucks were donated for week-ends in an ecology drive to pick up bottles, paper, etc., for a re-cycling drive.

Human Relations

This is an example of a company that used human relations strategies to promote a favorable community image. Although there is certainly much more to good human relations than strategies such as these, they can play an important part in human relations. These strategies will not substitute for good personal relationships with employees and customers; however, they complement them very well.

Adapted from "Alternatives to Small Business Failure Part III: First Hand Stories," by Janet L. Calkins, Enterprising Women, Vol. II, Issue 7, March 1977. © 1977 Artemis Enterprises Inc. 217 East 28 St., NYC 10016. Reprinted with permission.

DAY CARE CENTER

Susan Johnston has definite ideas on good practices related to running a day care center. Speaking from her own experience, she gives these words of advice:

"Don't keep all of the existing staff if you're stuck with one (if you've bought an existing day care center.) They'll take advantage of you since you're new to the business. You're much better off with people you hire yourself."

"Don't mix business with friendship. Friends can be the worst customers--when they expect favors and special treatment. You're there to run a business, and people pay for the services you supply."

"Put yourself out as much as you can for your customers--it pays off well. I have mothers who donate money and gifts for holidays, bake for the school and volunteer their time. They know I'm doing the best I can."

"Don't go into the day-care business only for the money. If you run a good school, you'll make a lot. But if you overcharge or don't really care about the children, you'll go bankrupt. You can't fake it."

"If someone working for you is unhappy, fire that person. A dissatisfied employee can do you a lot of harm--petty gossip, negative reactions, outright lies, will all get back to the ears of the parents through the children."

"Do every job yourself at the outset. You can only train staff members properly if you have had the experience yourself."

Human Relations

This person has apparently learned some important human relations lessons the hard way.

Reality Perception

Handling human relations problems such as these requires seeing things as they are, not as you wish them to be.

Adapted from "Teaching Tots: A Business Education," by Casey Herrick, Enterprising Women. © 1978 Artemis Enterprises Inc., 217 E. 28th St. NYC 10016. Reprinted with permission.

HOWARD COCHRANE

Howard Cochrane owns Overnite Truckline. He places great emphasis on keeping his drivers happy. He believes that drivers who are happy have fewer accidents, use less fuel, and their trucks require less maintenance. Unhappy drivers start off too fast and stop too suddenly. Drivers who don't care about their homes don't care about their equipment or jobs.

Although he knows that he can't create happiness in driver's home lives, he makes a point to do what he can. By spending some extra time working out drivers' schedules, drivers are usually able to be home four days out of seven.

To make life as comfortable as possible for drivers when they are away from home, comfortable sleeping quarters are provided in the terminals. Conditions are made as pleasant as possible by providing color TV, newspaper delivery, cars to drive to restaurants. The comfort and well-being of drivers away from home are important priorities for Overnite.

Human Relations

Howard Cochrane's emphasis on keeping his drivers happy is not only good human relations. He sees it as being good business. He does more than pay lip service to good relations with his employees--he does what he can to create good relations.

Adapted from "From One Second-hand Truck to a Giant Truckline." Reprinted by permission from NATION'S BUSINESS, July, 1978. Copyright 1978 by NATION'S BUSINESS, Chamber of Commerce of the United States.

GOLF

An amateur golfer challenged his club pro to a match. "But," said the amateur, "you've got to give me a handicap of two 'gotchas.'" Although the pro had no idea what a "gotcha" was, he was confident and agreed to the terms. Just as the pro was about to tee off, the amateur crept up, grabbed him around the waist and shouted, "Gotcha!" They finished the game without an incident, but the pro played terribly and was beaten.

Asked why he had lost, he mumbled, "Have you ever played 18 holes of golf waiting for a second 'gotcha'?"

Human Relations

This anecdote illustrates how even a "pro" can be unnerved in a situation involving uncertainty. Such stress can interfere with a person's ability to do a good job and create a highly uncomfortable situation.

Reprinted with permission from Keene Shopper News, 445 West St., Keene, NH 03431.

PILLSBURY SALESMAN

When Pillsbury cake mixes were first introduced, a salesman called on a buyer for a large food store chain. The buyer told the Pillsbury salesman that the chain would not take on a product that hadn't been tested and proved to be good.

The following Friday afternoon, the salesman came back carrying a freshly baked and iced cake. He asked the buyer's secretary to give the cake to the buyer with the salesman's compliments. The next Friday afternoon, he repeated the procedure. He did this for 12 weeks.

The thirteenth week, Friday afternoon--no cake! But on the following Monday morning at 8:30 in he came with a freshly baked and iced cake. Just as the salesman turned to walk out, the secretary said, "I think the boss wants to see you."

When he went in to see the buyer, the latter said, "What are you trying to do to me?" The salesman asked, "What do you mean?" The buyer said, "For 12 weeks my family has had a fresh cake each weekend. What happened last Friday?"

The salesman explained that he had baked and iced every one of the cakes.

The buyer asked: "You believe in your cake mixes, don't you?" The salesman answered: "That's not important. You do, don't you?" Whereupon the buyer invited the salesman to help him plan a major promotion using Pillsbury mixes.

Human Relations + Using Feedback

This salesman used the feedback he got from the buyer as the basis for his approach. Using a personal interpretation of the buyer's objection, he took a personal approach to solving the problem. By making the buyer the tester and prover of the cake mixes, the salesman gained his personal interest.

From "Ideas: Ten Ways to Sell Them," by Robert J. Tiernan. Reprinted by permission from NATION'S BUSINESS, June 1965. Copyright 1965 by NATION'S BUSINESS, Chamber of Commerce of the United States.

Readings in Entrepreneurial Skills

The readings in this section have been chosen as aids to awareness and understanding of the entrepreneurial skills. For each skill three readings have been included to concentrate on different aspects of each skill. Readings are grouped according to the eight entrepreneurial skills (see Table of Contents). They are intended for duplication and distribution to students.

Some of the readings are business-related, while others concentrate on personal skill development, but all can be applied to business situations. On the page before each reading is a brief statement on how the reading relates to a particular skill. This statement is followed by a number of questions related to the reading and the entrepreneurial skills. These questions may be used to prepare students to focus on important points in the reading, to review after completing it, or to generate discussion of the reading.

HOW TO USE THE READINGS

Each class session in the volume ENTREPRENEURSHIP EDUCATION: LEARNING THE SKILLS includes at least one reading, listed under the heading Materials. This provides the instructor with a guide to readings which are most pertinent to the material in each session. The readings may be assigned routinely or may be reproduced and assigned at the instructor's discretion. If all the readings are to be assigned it may be most convenient to reproduce the entire set before the class begins and distribute them on a cost-recovery basis. If the readings are not assigned routinely by the instructor, it is suggested that students be told that they are available upon request.

INNER CONTROL

Being a pushover or doormat is one symptom of lack of inner control. Many people get into the habit of letting others take advantage of them. As a result they may feel trapped into certain patterns of doing things, and of being controlled by other people. In this article, five strategies for overcoming a doormat personality are explained and illustrated.

1. How do each of the five strategies increase inner control? How do they decrease control by other people?
2. What problems or blocks are associated with overcoming a "doormat" personality.
3. How can the ladder approach increase inner control?
4. How do the ideas in this article relate to the entrepreneurial skills of planning and goal setting, reality perception, and risk taking?

HOW TO STOP BEING A DOORMAT

Five years ago, Douglas L. was working at a dead-end, inferior position. Today, he is the new executive vice president of a large Los Angeles data processing company but he still remembers how he felt during those years when everyone referred to him, with half-pitying affection, as "Good Old Doug."

"When you have a doormat personality," he told us in a recent interview, "you know people are constantly taking advantage of you and you pretend you don't care. But you do mind. You are never free of the nagging awareness of the fact that your lack of plain, old-fashioned gumption is shortchanging you on the amount of success and happiness that should be yours. You try to do something about it--you are always mentally rehearsing brisk little speeches to use the next time someone tries to impose on you. But when the occasion arises, your resolution evaporates and there you are, trapped by your own spinelessness, practically asking to be stepped on."

"You didn't stay trapped." we pointed out. "What's the secret?"

Douglas smiled, "I had help," he told us. "One day, a promotion I knew I had earned went to a less capable employee--I realized the time had come for me to take steps. I got in touch with a former classmate who is now an industrial psychologist. He helped me work out a five-point plan that opened the door to a whole new life for me."

Perhaps his problem has never been your hangup. But if you are among the thousands of persons who are struggling to throw off a "pushover personality," the program that changed Doug's life can help make a difference in your own.

1. Use the "ladder" approach.

Whenever people embark on any self-improvement plan, it's natural for them to want to uproot all the old habit patterns at once.

This leads to almost certain failure. Instead, list the occasions in which you habitually find yourself being "used" unfairly. Put your biggest resentments at the top, the lesser ones down the page, ladder fashion. Now make up your mind you are going to concentrate on eliminating only the bottom rung, the imposition or irritation you find the least objectable. Very likely it is something so inconsequential you almost forgot to include it. Perhaps it is a bit of rudeness you experience when you are jostled out of line at the bus stop. Or it may be an associate's careless habit of asking you for a loan of coins that are never returned. The last item on Douglas' list concerned his co-workers thoughtless habit of tossing their outgoing business letters on his desk every day, taking it for granted he would run them through the department's postage meter along with his own.

"When my psychologist friend told me to start with this minor annoyance," Douglas told us, "I felt certain he was making a mountain out of a molehill. I pointed out that it was such a little thing it wasn't worth bothering with--but he held firm. He instructed me to be casual and polite, but for the next ten days, unless a co-worker was ill or actually in need of assistance with mail, I was to put only my own letters through the meter."

"How did it work out?" we wanted to know.

"It was so easy, I was almost disappointed," Douglas said. "I followed the instructions I had been given; I acted casual and made no explanation or apology. I merely picked up my own letters and ignored the others. Several persons looked slightly puzzled but no one made any comment. The next day there were only a few letters on my desk, and by the third day there were none. I had been afraid some of my co-workers would be offended but no one seemed the least bit affronted. In fact," he added, grinning, "before the week was out we were all joking about it. But I noticed they no longer expected me to handle their mailing for them--and I had the satisfaction of knowing I had moved up a tiny notch in their opinion of me."

2. Make certain you don't try to "buy" acceptance.

After you have a successful ten-day score with the item at the bottom of your list, you are ready to move up to the next problem, and then to the next, and so on. But a word of warning: as you climb up your "ladder," one must guard against letting new doormat habits slip in to replace the old ones.

Although none of us likes to think the rule applies to us, any student of psychology knows that self-imposed martyrdom can be a form of secret self-aggrandizement. As long as we permit people to "work" us, shove us around, or use us to their advantage, we know (even if they are unaware of it) that they are, in a sense, under obligation to us. And this knowledge can give one a pleasant, habit-forming feeling of importance and superiority. Plus, of course, the illusion that we have purchased a portion of their friendship.

"It took me a long time and many soul-searching sessions before I could see that this attitude applied to me," Douglas told us. "And even after I did face up to it, I had to remind myself daily that I was through forever with trying to 'buy' acceptance--from here on in, I was going to settle for nothing less than a freely-given regard based on mutual respect."

3. Ask yourself what you want.

As you move up your ladder, your are almost certain to encounter an item or two you find difficult to eliminate. For Douglas, the snag involved the task of serving as Program Chairman for the Company's annual Christmas party for the employees and their families.

"I bitterly resented--or, rather, I thought I resented--the way everyone took it for granted that I would take on this grueling, thankless chore, year after year. However, by the time I reached this point in my ladder, I was fairly certain all I needed to do, to get off

the hook, was simply to ask that the chairmanship be given to someone else. Yet, in spite of the fact that I knew no one would think any less of me for getting out from under, I found that I was hedging, rationalizing, postponing the simple act of refusing the assignment. Finally, I forced myself to do a little honest introspection and I discovered, to my astonishment, that I wanted to be Program Chairman--down deep, I liked using my ingenuity in working out a good program."

It pays all of us, from time to time, to take a fresh look at some of the "heavy" loads we are asked to carry--they may actually be featherweight and enjoyable. If it is something you want to do, go ahead and do it. The important thing is not that you stick literally to every item on your ladder but that you recognize when you are being imposed upon and taken for granted--and when you are not.

4. Let other people know what you want.

Many times, actions speak louder than words in getting a message across. When Douglas ignored his co-workers' letters when he went to put his own through the postage meter, he was saying, in effect, "I have been stuck with this particular chore long enough." And his associates, getting the message loud and clear, no longer expected him to handle their letters.

But there are other times when this isn't enough. Most people are not mind readers and usually they are so engrossed in their own problems they will take you at your word. If you are in the habit of saying, "I don't mind taking the late lunch hour," they are going to assume you mean it, whether you want them to or not.

Make certain your requests are reasonable--then act as your own public relations representative. Make a practice of stating your preferences quietly, matter-of-factly, and with no trace of whine, apology, or belligerence in your voice. Stick to it, and eventually people will get the picture--the kind of picture of you that you want them to have!

5. Remember the lame canary.

As you begin to shed your old "kick-me" attitudes, you will experience a release from many of the old irritations and impositions--and this new freedom will enable you to cope more effectively with the real problems and responsibilities that belong to you. But there may be occasions when you won't be certain of your proper role. Certainly you never want to become so "free" that you fail to be aware of the real needs of those around you. And how can you tell for sure if the need is genuine or if it is another case of someone wanting to use you?

This may help: whenever you find yourself confronted by a situation where you wonder if you should--or should not--lend a hand, remind yourself of the story of Eckstein's canary. The man listened to the little bird tapping away inside its shell and, motivated by sympathy, he decided to help it by breaking the shell. And, as a result, the little bird was lame all its life because it had needed the resistance of the shell at the particular moment of its development in order to have strong leg muscles.

Most persons who have struggled to emerge from a doormat personality seldom need to worry about becoming blind to the needs of others; one of the reasons they were pushovers is because they were born with an extra dollop of empathy that keeps them forever aware of other people's difficulties. But be sure, when you reach out to lend a hand, that your help is really needed and that you are not guilty of crippling them.

So up the ladder you go! But whatever happened to those top rungs, the big problems that were there when you started? Strange, isn't it, the way they have disappeared, all by themselves, when you weren't looking?

Adapted from: "How to Stop Being A Doormat", by Jean Z. Owen. Copyright © 1971 by Combined Registry Co. Reprinted with permission from SUCCESS UNLIMITED magazine, 401 N. Wabash, Chicago, Il. 60611.

INNER CONTROL

Assertiveness is a form of inner control. It lets you be in charge of a situation, while aggressive or unassertive behavior shows that you are being controlled by the situation or by other people. This article explains how to be assertive without being aggressive.

1. What is the difference between assertiveness and aggressiveness?
2. Why do people learn to be unassertive?
3. How does reality perception relate to the anxiety that keeps people from being assertive?
4. What four rules are suggested by assertiveness trainers?
5. Do you think that aggressive behavior shows a lack of inner control? Why or why not?
6. Choose some situation in your life in which you wish to change your behavior from aggressive or unassertive to assertive. Use the four rules suggested in this article to guide you in preparing an assertive statement.

ASSERT YOURSELF! IT PAYS!

You have a brand-new toaster that won't work. You return it to the store. Even though there is an exchange policy for defective merchandise, the clerk gives you an argument, hinting darkly that you probably broke the toaster by abusing it.

1. You turn around meekly and leave with the broken appliance.

2. You call the clerk an unprintable name in a loud voice and demand to see the manager.

3. You calmly show the clerk your receipt, remind him of the store's exchange policy and firmly ask for a replacement or your money back, and hold your ground until you are satisfied.

If your response was number one, you behaved--in the language of psychology--unassertively. You surrendered a perfect right. If the second example sums up your behavior, you acted aggressively. You fell back on bullying tactics to get your way. But if you chose the third course, place yourself between those two extremes, in the camp of people who act assertively.

Behaving assertively, the experts say, is the best way to deal with the conflicts and frustrations of everyday living. Being assertive not only helps you reach your goals effectively but often enables you to do so peaceably. Assertiveness--or standing up for your rights calmly and persistently--is a happy medium. At one extreme is unassertiveness, which usually leaves you with the short end of the stick. At the other is aggression, which may appear to work for the moment but at a toll on you and the people you live and work with.

More and more of us, it seems, yearn for assertive personalities. Courses in assertiveness training (AT) are cropping up all around the

country in universities, community colleges and adult education centers. The terribly shy are taught to conquer their fears, while bullying types are counseled on getting their way without stepping too hard on other people's toes. One such course, offered in Georgetown University's Continuing Education Program, is taught by Dr. Gloria Harris, a clinical psychologist and co-author of Assertive Training for Women. In the course women are taught to stick to the middle ground between passive and hostile extremes.

"Commonly, people mistake aggression for assertion," say Drs. Robert E. Alberti and Michael L. Emmons in their book Your Perfect Right, "but the assertive individual does not malign others or deny their rights, running roughshod over people."

WHY ASSERTIVE, ANYWAY?

Basically, assertiveness training teaches people, particularly those who have always had trouble speaking up, that they have a right to ask for things, including reasonable changes in someone else's conduct. Suppose, for example, that someone cuts in line in front of you. If you firmly ask the person to go to the end of the line, you are being assertive. Many people simply are not able to or will not do this.

But assertive behavior allows the expression of positive as well as negative feelings. Say you haven't seen an old friend in a long time. You would take the initiative and phone, saying something like "I haven't heard from you lately and I miss seeing you. Let's set a time and place to get together."

As with most things psychological, practitioners differ in their approach to AT, even in how they define it. But most agree on at least two main points.

The first is that from childhood on, people, particularly women, have unassertiveness drummed into them. Children are usually taught that mom and dad always know best. In school, it's the teacher who

rules the roost. Girls learn how to give in, presumably in preparation for their roles later as wives. But boys, too, are told, however subtly, that bucking the boss or the system has dire consequences. In a lifetime, then, you pick up the habit of holding back your real feelings. And because such unassertiveness is "learned," say assertiveness trainers, it can be "unlearned."

The second point is that you need not feel guilty about wanting your way. If you can get it with sweet reason, fine. But you don't always have to be logical in the other person's eyes. The idea is that you are your own judge. Wanting to have things done one way or the other is reason enough, as long as it makes sense to you and you accept the consequences.

NOW, TO BE ASSERTIVE

Overcoming the anxiety that prevents you from behaving assertively is the first step. Your imagination can often get in the way with thoughts like "I'd make the boss mad if I asked for a raise." People in assertiveness training classes are asked to think about such personal reactions. Is the image of the angry boss a realistic one or just your private nightmare? "Fear of ruffling the boss is real enough," says Dr. Marsha Linehan, director of a research program in assertiveness training at Catholic University, "but most of the employers I talk to really prefer to hear what workers have on their mind. This way it can come out in the open and be worked out, one way or the other."

The main thing about assertiveness training is that it can be effective in many situations, not just when your raise is overdue or someone cuts into the line. It all comes down to your ability to size up the situation and decide on your response, then bring it off, without letting the other person's negative reactions or anger sidetrack you. "Once people take the risk," says Dr. Harris, "they start finding out that their worst fears are seldom realized."

Here are the main rules used by assertiveness trainers:

Say it directly. It's human to beat around the bush, particularly if you are unsure of how the other person will react. But there is no place for too much equivocating in assertive behavior. Recognize the other person's position, yes, but get your own across so there is no doubt about where you stand. Suppose the boss has had you working overtime several nights a week, while your colleagues go home. You finally speak up, saying, "I appreciate the fact that the work must get out, but I'd really like to talk to you about this overtime."

Express your feelings. You may feel apologetic, but don't let it divert you. It is better to come to the point with something like this: "I think I have done my share, and perhaps it's time to let someone else help out."

Specify the changes you want. Half-hearted assertiveness won't do either. You must move to settle the problem. Since the boss now knows you are displeased, it is time to offer a solution. "Staying one night a week would be acceptable," you might say, "but three is just too much."

Stipulate the consequences. You've already stated the facts. Now, keep emotion out of the conversation, it is time to clinch your case. So you might conclude: "I really believe that I would do a better job working overtime just one night instead of three, which is very tiring."

One trouble is that assertive behavior may sound cool and calculating, even abrupt at times. Yet its proponents say it works once it becomes a natural part of your way of dealing with situations. Soon people learn where you stand and just how far they can go in their demands on you, and you gain the confidence to deal with people on all occasions.

Remember, you don't have to make a career of being assertive, nor will it always work out to perfection. Assertive behavior is, after all, a social skill you can learn, either by example and rehearsal in

the classroom or outside with practice and experience. You choose the appropriate time to assert yourself and you decide when to pull back if it looks as though you may damage a valuable relationship.

Keep in mind, too, the difference between assertive behavior and aggression. Assertion seeks to negotiate. Aggression is a tactic of war. Assertive behavior uses diplomacy to attain your goals and to build up your self-confidence and independence while leaving the other person's ego intact.

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INNER CONTROL

Five guidelines for "improving your luck" are presented in this article. Actually, the guidelines might be presented more accurately as "how to improve your inner control." A number of true life examples are described which illustrate people exercising inner control, and believing in control by other people and chance.

1. What guidelines are given for improving your luck?
2. Which of the people described believed in control by other people? What were the results of their beliefs?
3. Which of the people believed in control by chance? How did that belief affect their behavior?
4. Which of the people believed in inner control? How did they act on their beliefs?
5. How can people prepare for lucky breaks?
6. How does this article relate to planning and setting goals?

HOW TO IMPROVE YOUR LUCK

On Wall Street they tell the story of the man who lost a fortune in the 1929 crash; he was reduced to his last $5,000. Panicked by what he regarded as his ill fortune, he jumped from the roof of a very high building. In that same year, a man who had never had any money beyond the barest necessities of life won $5,000 in a lottery. He was wildly elated, and regarded himself as the luckiest of men. And he was -- because he thought he was.

Each man had the same amount of money. To one, it spelled such bitter misfortune that he gave up all hope of the future. To the other, it spelled good luck in capital letters. Actually, from that point on, each man's luck was determined by how he felt at that particular moment.

Most of us won't go to such extremes as the man who leaped from the roof. Nevertheless, we make our own luck -- good or bad -- by our mental attitudes. The people who don't think they have a chance to win won't bother to submit suggestions in the suggestion box. Maybe their ideas would be good enough for a prize. But before they begin, they defeat themselves by saying, "Oh, they wouldn't pay any attention to what I suggest. Nobody ever does."

YOU HAVE TO ENTER TO WIN

If you think negatively, you can't win, because half the time you won't even try. A supermarket in Dallas, Texas, announced that it was going to give away a Roto-Broil, worth $50. All you had to do was make a purchase at a certain counter, accept a free lottery ticket, and return within a stipulated time to find out whether your name had been drawn. If it had been drawn, you had to enter your claim at

the specified time. The two women whose names were drawn first never showed up to make their claim, so the woman whose name was drawn third won it. She was the only one of the three who had sufficient faith in the possibility of winning to return to the store in time.

The same negative attitude, extended to more important enterprises, can defeat anyone any time.

YOU MUST TAKE CALCULATED RISKS TO WIN

At one time, when I was handling a movie column for Holiday, a friend doing radio publicity asked whether I thought they might welcome a radio-TV column.

"They might," I said. "Why don't you write and ask them?"

"Oh, no" he demurred. "They didn't know me from Adam. But you already have a contact with them. Won't you please write and ask them about it?" So I did. They said that perhaps they could use such a column. Would my friend prepare a few samples on speculation? I told him about it, expecting him to be delighted. Instead he shook his head,

"It's no use," he said. "They're just giving me a polite brush-off. Otherwise they wouldn't ask me to submit the column on speculation." Actually, it's customary for magazines in dealing with an unknown writer and sometimes with a well-known one, to make such a request. Writers who don't trust their own luck and ability won't take this gamble.

Successful people in the business world nearly always believe themselves lucky. In big enterprises as well as small ones, the only winners are those who have the courage to enter a contest, to take a calculated risk. If you had only $5,000 would you have the nerve to bid on a business for which the asking price is $50,000? As Whitney Bolton related in The Silver Spade, Conrad N. Hilton got his real start

as a hotelier when he landed in Cisco, Texas, with $5,000 in his jeans. The hotel was doing a booming business, and the next day Mr. Hilton was thrown out of his room, because no transient was allowed to remain for more than a day. The oil fever had gripped everyone in Cisco, including the hotel owner, who told Mr. Hilton that he would gladly sell the place for a song, in order to buy some oil land. He asked the owner how cheaply he would sell the hotel, and was told that $50,000 would buy it. As a prospective buyer, Mr. Hilton asked for and got the privilege of going through the books. Though the hotel was a steal for the price, he persuaded the owner to drop the selling price to $40,000, then promised to get the money to him within a week. Most people in this place wouldn't have had the nerve -- with just $5,000 to their name -- to bid on a hotel whose rock bottom price was $40,000.

Mr. Hilton got in touch with his mother and two close friends and each contributed $5,000. He now had $20,000. He raised the other $20,000 by walking into a Cisco bank and telling the president about the deal he had made.

And so Conrad Hilton started the career that was to make him one of the greatest hotel owners in the country. Mr. Hilton was able to recognize his lucky break because he could evaluate the hotel's worth from its books. He'd already had a certain amount of experience in running a small hotel in San Antonio. This brings us to the next requirement to improve your luck.

PREPARE FOR YOUR LUCKY BREAK

The Chinese have an interesting proverb: "The more you know, the more luck you will have." My own personal variation on this reads: The better prepared you are for the lucky break you want, the better luck you will have. There should always be some preparation for the lucky breaks you hope for. Professional gamblers never

go into any game without knowing the odds. Nick the Greek, the famous gambler, never tossed dice without knowing the odds against him. Why should you and I? If what we want is more important than winning a crap grame, we'll certainly need to prepare more thoroughly than by just reading an article on odds. The more important the lucky break we want, the more thorough preparation must be done. For instance, if you'd like to win a contest, study the rules carefully, read some books or articles on contesting by contest winners, and prepare your entry carefully. But if you want a lucky break that will carve out a whole new career for you, your preparation may take years.

ALWAYS TAKE THE LONG VIEW

Whenever you have to make a decision, choose the alternative that will improve your luck in the long run, not the one that will improve it for just a short period. Accept risks or take a lower salary when necessary, if it will advance you along the path you wish to climb. About 22 years ago, Edward O. Morgan, sales manager for Ador Sales, Inc., of Fullerton, California, gave up a job at a Shell Oil service station at $150 a month, to start with American Airlines at $80 a month.

"Why did you give up a larger salary to work for only $80 a month?" I asked him.

"Because I've always liked to look ahead ten or twenty years," he said. "If I had remained at the service station, about all I could look forward to was being superintendent."

When Mr. Morgan finally left American Airlines, he was District Manager of Passenger Sales. He joined Kierulff & Company because he believed that for him, the prospects of advancement there were even better than they had been at American Airlines. Subsequently, he became sales manager for Ador Sales, Inc., when he became convinced that this company manufacturing and selling sliding aluminum glass doors offered an even greater opportunity.

REMEMBER -- WHAT LOOKS LIKE BAD LUCK MAY BE GOOD

At the time any event happens, it is often difficult to judge whether it will eventually benefit or harm us. Much depends on our own attitudes.

When A.J. Cronin was told by his doctor that he would have to give up his medical practice for at least six months and live quietly in the country, his wife regarded it as a stroke of bad luck. But out of what at first looked like misfortune came his first great novel, Hatter's Castle, and a career as a successful novelist. He'd always dreamed of writing a novel, but had never had the leisure time to try it. His enforced rest at a quiet place in Scotland gave him the incentive and the time to go ahead with his first novel.

A. J. Cronin's case reminds one of the parable of "The Old Man At The Fort" by the Taoist philosopher, Lao-tse, as reported by Lin Yutang.

Whenever his neighbors commiserated with him on what looked like a stroke of ill fortune, the old man would say, "How do you know this is bad luck?"

Usually, after a certain amount of time had elapsed, the seeming stroke of ill fortune would prove to be a godsend. The old man was never overelated by what seemed like good fortune, or depressed by what seemed like bad luck, for he was convinced that only time would determine into which classification an event fell.

"Evidently," concluded Lin Yutang, "this kind of philosophy enables a person to stand a few hard knocks in the belief that there are no such things as hard knocks without advantages. Like medals, they always have a reverse side."

From the book YOU'RE BETTER THAN YOU THINK by Dora Albert. Copyright © 1966 by T.S. Denison and Company, Publishers, Minneapolis. Permission granted by T.S. Denison and Company.

INNOVATION

Far too often, people think of creativity as being the exclusive domain of artists, musicians, architects, and so on. In the business world, creativity is needed to solve everyday problems, promote products and services, update products and services, and to make the most of limited resources.

Creativity and innovation involve risks--risks of having ideas rejected or even ridiculed. One important point made in this article is that people need to have enough confidence to risk being creative. The guidelines in this article are likely to be helpful in generating new ideas.

1. What factors limit creative thinking?
2. What is meant by input? How is it used in creative thinking?
3. How do the skills of risk taking and using feedback relate to creativity?
4. What is the purpose of the techniques used in creative thinking which are described?
5. What is meant by deferred judgment? How is it used?
6. Apply the five-step method for creative problem solving to some situation which requires a creative approach.

CREATIVITY AS A SKILL

WHAT IS CREATIVE THINKING?

In very basic terms creative thinking might be described as the fresh, meaningful association of elements brought together from human information and experience.

Creative thinking is similar to the action which takes place in a kaleidoscope. There are many pieces of glass inside the drum. When the drum revolves and the pieces mix together there are a great number of patterns that evolve. In the mind, these patterns would be "ideas." Thinking creatively necessitates mixing together the pieces of information stored in the mind in order to come up with a new association.

Another way of defining creative thinking is the process of making a new association between two heretofore unrelated ideas to emerge with a new idea. You may have learned to associate two thoughts that were formerly unrelated in your mind. I, however, may never have made the connection. When I finally do, then for me, it would be a creative thought even if it were "old hat" by that time for you. Thus, the new and relevant association required for the creative thoughts need only be new and relevant for the particular individual making it.

Creativity depends on people's ability to relate not only the information they already have but also to assimilate additional information which comes from outside stimuli.

HOW DO YOU TEACH CREATIVITY?

The image the word "teach" conjures up in the mind, leads many people to say that you cannot teach creative thinking.

What we are talking about here is not teaching in the conventional sense of the word. It isn't that the teacher tells you something or gives you a new fact and suddenly you are going to be more creative.

Our objective in developing creative thinking is to get people to interrelate and "connect-up" more fully the tremendous amount of input they have. Not only what the they take in but also that which they had previously stored in their heads.

People can be taught to use creative techniques to increase their awareness of the information they have stored inside, to develop their ability to associate ideas, to free them from fear of new ideas and ultimately to increase their confidence in their own creative ability.

WHERE DO WE GET INPUT?

Most people do not realize how much input there is that they do not pay attention to or completely ignore.

When you read a book, do you ever consider the reading as more input? Do you create out of what you read? Do you begin to associate the ideas from the book with information available in your mind? As you read, you can associate what you are reading with what you already know, and there is utilization of input! Any activity or experience can increase a person's input.

If you think of experience as broadening, meeting new situations, hearing new things, seeing new things connecting new thoughts, then all experience provides more input.

WHAT ARE SOME WAYS TO BREAK OLD, HABITUAL ASSOCIATIONS OF OUR KNOWLEDGE?

Most young children will produce original ideas without encouragement. This occurs because they have not learned to fear ideas as adults do or to set up roadblocks along the path to creativity.

In order to turn stored information into new associations, we must remove the blocks which impede creative functioning. To do so, we must help people gain a recognition of how past influences--background, experiences and habits--affect present behavior. Then we can help them perceive themselves as creative beings and free them of internal blocks to creative thinking.

If we then provide environmental conditions that encourage creative functioning, we are removing external blocks. People are often afraid to express their ideas. We must give them confidence in developing their ideas and help them find ways to implement them and gain acceptance for them.

The principle of deferred judgment can be used which gives people freedom from anxiety about expressing any of their ideas. It calls for deliberate deferment of judgment in order to prevent premature evaluation from hampering imagination. This usually results in a greater release of creative potential.

The main thrust of a program to foster creative behavior should be to make use of a person's associative abilities effectively. Two ways to achieve this are to provide fuel for the brain (by increasing input) and to remove the brakes (by applying deferred judgment) that cause the associative mechanism to cease functioning.

WHAT ARE SOME TECHNIQUES USED IN CREATIVE THINKING?

Usually there is quite a disparity between creative potential and actual creative productivity; however, by introducing deliberate techniques this gap can be partially bridged.

An effective program used to encourage creative behavior when addressing new situations attempts to establish the habit of deferred judgment rather than the automatic response. This technique may be used by one person or in a group. In a group situation it is commonly known as "brainstorming."

When using deferred judgment, there are four guidelines to observe, as outlined by Alex F. Osborn, its originator:

Criticism is ruled out. Judgment is suspended until subsequent evaluation.

Free-wheeling is welcomed. The wilder the ideas the better, for it is easier to tame down than to think up.

Quantity is wanted. All other things being equal, the greater the number of ideas, the more the likelihood of good ones.
Combination and improvement are sought. In addition to contributing ideas of their own, group members should indicate how suggestions by others could be turned into better ideas, or how two or more ideas could be combined into an even better idea.

Actually, you can brainstorm with a book, you can brainstorm with people, you can brainstorm by taking a walk around a new environment. A simple technique a person can use alone, is the "idea book." Make it a practice always to carry a small notebook with you. When a new thought occurs to you, or you think of a new approach to a problem, jot it down. This helps to capture a nugget of information that might otherwise escape from your grasp.

WHAT IS THE FIVE-STEP METHOD FOR CREATIVE PROBLEM SOLVING?

1. Fact Finding
2. Problem Finding
3. Idea Finding
4. Solution Finding (or Evaluation)
5. Acceptance Finding (or Implementation)

While these five steps are provided as a guide, they are not intended to a a strict formula for problem solving. Frequently, a change of sequence may occur in the process; and it is always advisable to provide plenty of opportunity for incubation-"sleeping on it." Regardless, the main emphasis throughout each phase is to accumulate alternatives before zeroing in on the better ones.
Following is a convenient guide to use as a checklist:

I. FACT FINDING

a) What facts would you like to have about the problem?

b) Where might the answers be found?

II. PROBLEM FINDING

a) List all creative-type questions; i.e. How might I...? or In what ways might I...?

b) What is the broad problem? Ask "why" of each problem.

c) What are the sub-problems?

III. IDEA FINDING

a) List ideas which might be tentative leads to solutions.

b) Select the ideas that offer the best potential; some of these ideas may be identified as sub-problems.

IV. SOLUTION FINDING

a) List criteria (These are your yardsticks to measure the effectiveness of your ideas.)

b) Evaluate ideas.

V. ACCEPTANCE FINDING

a) List ideas for gaining acceptance.

b) Enumerate ways of implementing ideas.

c) Outline your best plan of action, incorporating the best ideas you have produced through the process.

WHAT IS MEANT BY INCUBATION?

After a large quantity of ideas are produced we" incubate" them. This is the time when "idea creators" detach themselves and are not involved in <u>conscious</u> activity with respect to the problem. They allow new associations to be stimulated subconsciously from the widest variety of sources. Often, during or after this period new insights or ideas seem to emerge from within the individual.

WHEN DOES ONE STOP PRODUCING IDEAS?

At one point we must temporarily stop producing ideas and begin to evaluate them. During the evaluation (or solution-finding) process we must determine how potentially valuable an idea might be in solving a problem. We need to establish evaluative criteria in order to judge in a systematic way and the criteria serve as yardsticks to measure the value of our ideas objectively.

For example, we may be concerned with how long it will take; in this case we will include time as a criterion for evaluating each idea. If we are concerned with the amount of money an idea will involve, we consider cost as a criterion.

It is helpful to defer judgment of the criteria in order to think of additional ones. The more criteria we use to guide our judgment, the better we are able to evaluate the worth of the idea--the less likely we will overlook a significant consequence of the change we introduced by our idea.

WHAT IS THE FINAL STEP IN THE PROBLEM SOLVING PROCESS?

The problem solving process is not completed until the idea is implemented. This presents a new challenge--how to make our chosen ideas acceptable.

Implementation involves preparing our ideas for any problems that might arise in their use. Often the implementation of an idea requires more creative effort than originating the idea.

WHAT IS THE OVERALL GOAL OF CREATIVE PROBLEM SOLVING?

In its broadest sense, I would say the goal is to help an individual develop to his or her fullest potential and to live effectively in a changing world.

Adapted from: "Creativity as a Skill" by Dr. Sidney J. Parnes. Pennys FORUM, Fall/Winter 1973, p. 8, 9. Reprinted with permission.

INNOVATION

Entrepreneurs need to be innovative in many aspects of their work. But having good ideas is not enough. In the innovation process, emphasis needs to be placed on getting ideas into action. This article focuses on "selling" ideas. It is written from the viewpoint of people working in large organizations, but the techniques and guidelines described can be applied to self-employment situations.

1. What are some reasons good ideas are rejected?
2. How is planning involved in selling ideas?
3. What does the author mean by "selling" ideas?
4. Give three examples of how reality perception is important in selling ideas.
5. How can the timing of an idea affect its acceptance?
6. How does the author suggest that we should handle rejection of our ideas?

IDEAS
10 WAYS TO SELL THEM

The creative process starts with an idea. But in most cases it takes as much imagination to sell your idea as it did to conceive it.

Ideas are turned down for many reasons. A good idea may seem strange simply because it is new. That is why you cannot assume anything in presenting a new idea, not even that everyone is aware of the need for it.

Some good ideas are rejected because of minor defects. With proper preparation, innovators could have detected these flaws and developed alternative approaches.

Some ideas are turned down because illogical evidence is used to support them or because they infringe on someone's actual or imagined status in the organization.

In trying to sell a new idea, new plan, new method or policy, you will invariably find someone who opposes it. So unless you know how to pry open closed minds, your brainchild will never grow up. And once you get a closed mind opened, you must know how to keep it open.

Here are 10 useful guidelines for putting an idea across:

1. Don't oversell. Don't feel that you must use a sledge hammer. Many times, a small but important sales point can be driven home more efficiently with a tack hammer. Don't make rash promises.

Benjamin Franklin once counseled would-be persuaders: "The way to convince another is to state your case moderately and accurately. Then scratch your head, or shake it a little and say that is the way it seems to you, but that of course, you may be mistaken about it; which causes your listener to receive what you have to say,

and as like as not, turn about and try to convince you of it, since you are in doubt. But if you present your ideas in a tone of positiveness and arrogance you only generate opponents.

Expert sales people know the value of understatement. They know that conservative promises are more likely to gain the confidence of the more intelligent minds. And they know that conservative promises are easier to fulfill.

If you honestly believe that adoption of your idea will result in a sales increase of 10 per cent within six months, don't say 20 per cent. Or if you're sure your idea will reduce operational costs in your department by at least 15 per cent over a year's period, don't say 25 per cent.

2. Don't give up too soon. If your ideas are not adopted immediately, consider all the disappointments Lincoln encountered during his lifetime.

Lincoln was defeated in five attempts at elective office before winning the presidency and he was a failure in business as well.

Rogers, Slade & Hill, a New York management consulting firm, tells of a manufacturer who made a study of the source of ideas in his plant. He found that no matter how good an idea is it usually must be suggested three times before anyone pays much attention to it.

The reason? It's difficult to attract the attention of busy people. People resist change, a new idea may affect someone's job.

Cloyd Steinmetz, director of sales training for Reynolds Metals Company, tells of a salesman who called on a buyer for one of the largest food chains when Pillsbury cake mix first was introduced. The buyer told the Pillsbury salesman that his chain would not take on a product that hadn't been tested and proved to be good.

The following Friday at 4:30 p.m. the salesman came back carrying a freshly baked and iced cake. He said to the buyer's

secretary, "Will you please give this to your boss with my compliments?" He then walked out. The next Friday afternoon, he repeated this procedure. He did this for 12 weeks.

The thirteenth week, Friday afternoon--no cake! But on the following Monday morning at 8:30 in he came with a freshly baked and iced cake. Just as the salesman turned to walk out, the secretary said, "I think the boss wants to see you."

When he went in to see the buyer, the latter said, "What are you trying to do to me?" The salesman asked, "What do you mean?" The buyer said, "For 12 weeks my family has had a fresh cake each weekend. What happened last Friday?"

The salesman explained that he had baked and iced every one of the cakes.

The buyer asked: "You believe in your cake mixes, don't you?" The salesman answered: "That's not important. You do, don't you?" Whereupon the buyer invited the salesman to help him plan a major promotion using Pillsbury mixes.

3. Watch your timing. Even the hour of the day can make a vital difference in whether or not you are successful in selling an idea. Determining the right time usually takes careful investigation.

Once you feel the time is right, you must be sure to give yourself adequate time to prepare. Give those whom you want to participate enough time to arrange their schedules. Try to avoid scheduling your meeting late on Friday. Your prospects have spent a full week dealing with other problems.

Make sure your idea concerns a problem facing top management now. Obviously, if the company is having its biggest sales year in history, an idea on how to increase sales will not be received enthusiastically.

Or let's say your idea will require a large initial investment to be carried out. If your company is deeply involved in cutting costs, your timing may be way off.

A consultant to large corporations says he will introduce a new idea to his executive contacts only when one of two conditions exist. First, when the idea is pertinent to a particular problem the executives are working on at that time or a problem they soon must face. Second, when the executives are mentally relaxed and apparently looking for something new to think or talk about.

Aging an idea helps, too. Dr. William J. Reilly, in his book, "How to Make Your Living in Four Hours a Day," says: "The time to discuss an idea with others is after you are through thinking about it. . . A new idea is invariably accompanied by a burst of enthusiasm. Our initial impulse is to hurry and tell someone about it. When we do this, the mental energy generated by our idea is dissipated in talk rather than in thought."

So be patient. Wait for the right time to spring your ideas.

4. Next, be sure to plan carefully. The first step is putting your idea on paper--preferably in a single sentence or a short paragraph. If you can't express your idea succinctly, either your idea is worthless or you haven't thought it through.

You need to develop your idea by asking: Why is it necessary? What will it do? Who will execute the idea? What departments will it affect?

Don't be afraid to list the cons as well as the pros when presenting your idea. This will demonstrate that you have thought the problem out from all angles and shouid help you achieve more credibility.

Charles G. Mortimer, retired chairman of General Food Corporation, once emphasized the need to "think through" an idea before presenting it. According to Mr. Mortimer:

"There are three stages of thinking. The first stage is thinking about a problem, plan or project. Sometimes we do this for years--without getting any benefit whatsoever from the mental energy we expend because we do nothing about it.

"The second stage is thinking into the problem, plan or project. This entails bringing all our imagination, our resourcefulness, our inventiveness to bear.

"The third stage is thinking through. This involves enlisting our very best judgment with respect to every phase and feature of the plan or project. It means facing realities, assaying the possibilities of failure, planning our attack, and organizing everything so carefully that no one will have to check up on us."

We should never present an idea until we have thought it through completely. Then develop a presentation.

A good procedure is to summarize the highlights of your idea, then add supporting evidence.

Divide your presentation into two sections-a broad or general plan and a detailed plan. The broad plan deals mainly with the what of the idea and the problem it is designed to solve. The detailed plan is concerned with why the idea is worth consideration, who will execute it, how it might be done and when it might be done. The detailed plan should include a timetable.

5. Keep your language simple. You must strive for absolute clarity. Avoid trade jargon unless all of the people to whom you're presenting the idea feel at ease with such language. We are sometimes tempted to impress superiors and associates with our large vocabulary of multi-syllabic words. Don't.

The art of writing or speaking is the art of restraint. The simpler your style, the better. And don't be afraid to break rules of grammar when necessary. No one will convict you for ending a sentence with a preposition.

Don't take for granted that the words you use mean the same to your listeners as they do to you. Like people, words reflect constant change. The same words can mean different things, at different times, to different people.

Talking or writing in picture words is one of the best ways to attain clarity. The mind has five doorways through which outside ideas enter: sight, sound, touch, taste, and smell. The English language is rich in short words that tease the taste, whet the nose, please the eye and the ear. There are words you can hear like the swish of silk; words with a smell like smoke, mint and gasoline.

So if you want to succeed in selling your idea, use simple, easy-to-understand words. As Will Rogers once commented: "I love words but I don't like strange ones. You don't understand them, and they don't understand you. Old words are like old friends--you know 'em the minute you see 'em."

6. Put pizazz into your presentation. The size and importance of your idea will, of course, determine the nature of any dramatizing you do. However, in most cases, it does help, as Alex Osborn suggests, "to put some 'spin' on your idea. . . take it out of the humdrum and make it easier to grasp." There are many dignified ways to put power into your presentation.

The eye is 22 times as powerful as the ear in transmitting impressions to the brain. Whenever possible, add the visual element. This might be simply a scratch pad and pencil. In more elaborate forms it would be a presentation employing large, easy-to-see words and pictures, drawings, models, charts or dummy packages.

If you use words only, listeners will recall 70 per cent of what you say after three hours, 10 per cent after three days. If you use just visual means (no oral accompaniment), viewers will recall 72 per cent of what they saw after three hours, 20 per cent after three days.

But if your use both spoken and visual means together, your audience will recall 85 per cent of your story after three hours, and up to 65 per cent after three days.

George Walker, one-time vice president and chief stylist for Ford Motor Co., had been a free lance designer in Detroit many years before. In competition with other designers, he was asked by Ford to submit ideas for a door handle.

He noticed that the displays were plain and quite similar. He dramatized his by slipping a piece of black velvet behind his design. Henry Ford passed all the exhibits and when he saw Mr. Walker's he said, "I want that one."

7. Anticipate objections. Be on guard to avoid a controversial attitude. If you planned your presentation carefully, you listed pros and cons regarding the idea you're trying to sell. If you were objective, you undoubtedly came up with several possible objections.

You should give each one of these possible objections careful consideration and plan how you will handle it--if it is raised.

When objections to an idea are raised, the natural inclination is to argue, to defend your baby. Successful idea sellers do not counter objections with arguments. One of America's top insurance salesman, J. Elliott Hall of New York, always met objections by asking questions. He didn't try to demonstrate to his objectors how wrong they were and how right he was. He just asked questions with which his prospects had to agree. And he kept asking the right questions until the answers added up to one sound conclusion based on facts. Elliott Hall

never created the impression that he was trying to influence somebody to his way of thinking. Through his skillful questions, he helped his prospects crystallize their thinking.

After you have built your list of possible objections, develop a list of questions under each objection that will very likely help you overcome the objection.

One of the best ways to overcome objections is to listen to them. This will help you fully understand the objection. Second, if your prospect's objections are weak, they may discover this for themselves if they're allowed to talk freely. Listening plays an important role in sales persuasion.

Good listening will enable you to detect such subtleties as how your prospects say something. For example, if an objection is made with a friendly smile, this will usually indicate that the prospect doesn't consider it major.

Effective listening will also help you uncover emotions, words and attitudes which may tip you off to a favorable or unfavorable point of view.

8. Promote participation. Smart idea-sellers don't try to hog all the glory when they sell a new idea. It is important to enlist support for your idea from associates and subordinates who will be involved even before you make a presentation to your immediate supervisor or to a top management group. Some of your associates might be at the meeting when you present your idea.

Of course, if you can in some way relate your idea to a suggestion made earlier by your superior, you greatly enhance the odds of your being accepted.

For example, suppose that your boss, months before, mentioned being worried about a competitor's growing share of the market in California. Your idea consists of sponsoring a new consumer contest designed to increase use of your product.

When presenting the idea, you could remind your boss that such a contest could help regain a bigger share of market in California, as well as in many other areas.

Another technique--one which requires skillful handling--is to leave out some small but important element of your idea when presenting it. This technique has been used successfully by George R. Eckstein, research associate with Remington Arms Company, Inc. He has specialized for many years in teaching business people how to sell ideas.

He says: "Hopefully, the people you're trying to sell will notice the omission and suggest that it be added. This results in their coming to believe that they have a share in your idea. Consequently, you get them involved and they feel more comfortable with the idea as a whole." Of course, if your prospect doesn't make the suggestion, then you should add it yourself, as a sort of afterthought.

9. Make your idea easy to accept. If it appears that you're not going to be able to get a favorable decision take every possible means to avoid getting a flat "no."

You can suggest several tacks: (a) Possibly we should appoint a committee to study this further, or (b) Do we need a small budget to get more facts? or (c) Should we get a cost estimate? or (d) Should we test the idea on a limited basis? or (e) Should we make a patent search?

A few years ago, the promotion director of a large consumer magazine conceived an idea for a series of do-it-yourself booklets to be sold to lumber dealers who, in turn would sell them or use them as traffic-building devices by offering them free to customers.

A rather large initial investment was needed for printing the booklets, since six different titles were involved. Dummies were made up, costs were estimated in quantities, and the promotion director made the proposal to management.

The idea was rejected, although not flatly, because management was not convinced that there was a need for such booklets. However, the promotion director requested that the door be left open so that the idea could be pursued further. Management agreed. During the months that followed, top dealers across the country were contacted personally and definite commitments were obtained for quantities of the booklets if and when they were published. This enabled the promotion director to go back to management and convince them that, while all the risk was not removed, it was considerably safer now. The decision was made to test the idea and print 25,000 copies of each of six titles. More than a million copies of the booklets were sold.

10. Leave time for discussion. After you have presented your idea, summarized your main points and appealed for action, be sure to allow time for questions and answers.

Do not press too hard for a quick decision. It's best to let people convince the themselves. It takes time for people to get used to a new idea.

If your idea is rather complex, take a step-by-step approach. Break it into bite-size pieces and present them one at a time.

Many of the details can best be handled this way. Questions, intelligently answered, can be quite effective in relaxing the minds of prospects. This will demonstrate to them that you have given considerable thought to the problem and its solution, and that you're not trying to railroad it through.

When the discussion is finished, be prepared to spell out the next step if you have received a favorable decision. It is advisable to have copies of a concise written report of your proposal for everyone present.

It is not easy to sell an idea--particularly one that calls for

radical changes. The top positions in business today are held by men and women who are innovators, who have the ability to think ideas through and the drive and persuasiveness to sell them to others.

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INNOVATION

One way of thinking about innovation is to divide it up into two processes: thought and action. Generating new ideas or solutions to problems is included in the thought process. This article focuses mostly on the thought process involved in innovation, which many people refer to as creativity. It is important to recognize that both thought and action are essential to innovation. This article includes helpful guidelines for stimulating the thought process.

1. How can setting goals facilitate creativity?
2. How is reality perception used in creating new ideas? Name at least three ways.
3. What six steps for working on a problem creatively are suggested?
4. How can an idea be evaluated? What questions can aid the evaluation of an idea?
5. When should ideas be evaluated? When should they not be evaluated?
6. How can having too much information interfere with creativity?

CREATIVITY AND YOU

Do you realize that one of the major obstacles to effective problem solving--in the fields of either technicalities or personnel--is the failure or inability to make use of the available information?

Let's put that another way: the information needed for creativity and effective problem solving is right at your finger tips.

The idea of creativity seems to apply naturally to artists, composers, authors, and geniuses, but somehow the word doesn't seem to fit offices, mailrooms, delivery trucks, shops, and assembly lines. But it does.

Creativeness is actually nothing more than the ability to look at problems in an unhabitual way. In other words, creativity is making full use of the information at your fingertips.

Not long ago a big semitrailer rig got hung beneath a highway overpass and couldn't be budged either forward or backward. Highway patrol units rerouted traffic while the proper authorities were arriving on the scene to straighten out the mess. The truck driver suggested unloading the trailer and then tearing it apart. According to the county road engineer, hydraulic jacks could force the bridge girders upward, thus freeing the truck. A highway maintenance supervisor proposed ripping up the roadbed under the truck and digging trenches behind the tires so the rig could drive itself free.

Every suggestion was drastic and time consuming, but something had to be done--and soon. They were about to try the highway supervisor's idea when a child in the crowd of onlookers said, "Why don't you just let the air out of the truck's tires?"

All the experts had failed to grasp the information at their finger tips, and they'd failed to come up with a creative solution.

Don't stifle your creativity by telling yourself that the "experts" have examined your department and that if they can't find improvements then you can't either.

Baloney! The "experts" said a trans-Atlantic telegraph cable was impossible, so they didn't lay one. It took the creative mind of a layman like Cyrus W. Field to prove that it was possible. He did not study the technical difficulties to oceanic cables, but rather he focused on what the existence of such a cable would mean to the world. Put some faith in your own ideas.

Your brain stores vast amounts of information, but it can process only small amounts at any given moment. Therefore, only a limited number of facts are usable in a given instant--no matter how much information you have stored away.

One way to improve creativity is to break old habits of thinking so that you can work with only the needed facts. Ideas which are not useful to solving a problem need to be discarded. Because of the brain's ability to process only limited amounts of data during a given instant, the use of wrong information rules out the consideration of right information during that period. To free your creativity requires a variety of approaches so that you'll hit the right information as quickly as possible:

1. Set goals. Creative people and those who achieve are usually people who set goals. They consider obstacles to be opportunities. They look toward the desired goal and set a course to go there.

Make yourself realize that goal setting is absolutely vital. Goals generate a sort of "creative tension" within you, giving you purpose.

2. Visualize several routes to your goal. Make a written list of at least four or five ways to get where you want to go. Let's say your goal is a job promotion.

Possible routes to that goal include--

a. Marrying the boss's daughter(son, sister, brother, etc.)
b. Cultivating a friendship with your superiors.
c. Displaying leadership qualities by working more productively with fellow employees and trying to help them do their own jobs better.
d. Developing your abilities through education and training on your own time.
e. Developing a time or money-saving way to do your present job.

3. Act boldly. The greatest threat to your creativity is fear. We all have self-doubts now and then, but you've probably noticed that doubts are strongest when you've come up with a good idea.

But it may well work--and you'll never know until you try. Remember these words of author James Russell Lowell, "Not failure, but low aim, is the crime."

4. Imagine yourself taking that first step. Procrastination can make failures of us all. The first step is the toughest, so take it and all else will fall into place. Commit your ideas to paper, make a drawing of your plan, feed the suggestion box, or do anything to commit yourself to success.

5. Keep your target in mind. Maintain an ideal image of the perfect outcome to your idea. What exactly should it do for the assembly line? For your office? For the product? For the customer? The company? For you?

"Some people have all the luck."

Haven't you heard or even said that? It's not really true though. Some people seem to have all the luck because they've learned to capture their creativity and tame it for practical use. You can too.

Here are five ways:

1. Look forward, not back. Old ways are not necessarily the best ways. Do not, however, buck established routines just for the sake of being "different." Use them--until a better method seems appropriate. Search out better ways using these questions:

-- Can the method (or product, or tool, or assembly line, etc.) be put to other uses?

-- How can I adapt this method? What else is it like?

-- How can I modify the old method? Can it be streamlined? Or enlarged? Can it use more time? Or less? What can be added? Or subtracted?

-- What can take its place? Is there another process or sequence which can replace the old way? What substitutions can be made?

2. Open your ears and turn on your imagination when someone says, "I wish they made something to...." Today's realities are yesterday's wishes, and today's wishes are tomorrow's opportunities.

3. Every difficulty is a chance for creating. The very existence of obstacles implies the reality of a better way of doing things. Welcome obstacles for what they are--opportunities and invitations.

When you believe this, you'll even go looking for problems because you know that they offer you a chance to make something better. That's why many companies employ so-called "troubleshooters." Not because they enjoy trouble, but because they want to offer the best possible product or service. Every weakness is an opportunity for strength.

4. Re-examine ideas that have been thrown away. A new perspective--your perspective--may reveal hidden possibilities within ideas someone else has already given up on. Both ideas and people deserve a second chance, and they frequently pay handsome dividends when given the chance.

5. When you've conceived a good idea, evaluate it in the light of these questions:

-- Does it meet a real need? The most "brilliant" idea in the universe is useless unless it fulfills some purpose. That's why manufacturers test market new products before commiting everything to full-scale production and distribution. The most advanced jet airliner would have been useless to Stone Age people--so be certain that your idea meets a recognized need.

-- Will the idea or innovation encourage you (and other employees) to do more and better work? In other words, will the idea make things easier, more pleasant, more effective or more economical? Will it result in an improved product or service, and a happier fellow worker?

-- Can everyone concerned be proud of this idea? Will it inspire confidence and loyalty? Will it help develop a sense of trust and well-being within others?

Use these techniques, because the best ideas are waiting to be had and the best innovations are yet to be made. Did you know that in the early 1800s they actually considered closing the U.S. Patent Office because they felt all the big inventions had already been finished? Imagine that. Even in our technological age many new twists on old ideas are waiting to be uncovered. This is so in both technical matters and people-related matters.

Remember, creativity applies not only to artists, but also to all forms of problem solving. Educators, scientists, machinists, artists, clergy, executives, supervisors, and others are aware of the need for creativeness in every area of life. Creativity makes life more interesting and more productive for everyone.

How? Because creativity is really nothing more than learning to think so that you will use the information at your finger tips. The process can be summarized in six basic steps:

1. Rapidly run over the elements of the problem several times in your mind until a pattern emerges. Get a bird's eye view of the thing without getting hung up on unimportant details. Finish this sentence in twenty-five words or less: "In general, the problem is..."

Hermann von Helmholtz, a German physicist, said it this way, "It is necessary, first of all, to turn my problem over on all sides, so that I have all its angles and complexities in my head, and can run through them freely without writing them down."

2. Suspend judgment on the problem and solutions. A wrong judgment at an early stage can ruin a correct one later on. Remember the fabled dog carrying a bone across the bridge? When it saw its reflection in the water, it let go of the bone in its teeth in order to grab the reflected image. Hasty and greedy judgment caused it to lose everything.

3. Rearrange the elements of your problem. This procedure can bring out patterns and details that were not visible before.

A scientist once conducted a famous experiment with a chimpanzee. The chimp was placed in a large cage with a bunch of bananas hung just above its reach. Lying at the opposite end of the cage, and not visible at the same time as the bananas, was a long stick. For awhile the chimp tried to get the bananas, but jumping was in vain and it soon turned to exploring the cage. Once, while merely playing with the stick, it and the bananas became visible at the same time. The elements of the problem were thus rearranged and the chimp made full use of the available information by knocking down the bananas with the stick.

4. When you're spinning your wheels and getting nowhere, try a new approach. Talk it over with someone, or have a brainstorming session. Dream up ridiculous solutions, and otherwise try to get at the thing from different angles.

Work on the problem in general terms rather than in specifics. For example, let's say you're supposed to come up with an improved rinse system for a dishwasher. Instead of researching other dishwasher rinsers, take a look at spraying water in general. You might consider water pistols, decorative fountains, car washes, geysers, and so on. Usable ideas are all around if we think in generalities.

5. Get away from it when you're stuck. This doesn't mean that you're to drop everything when the first bright idea fails to solve the problem. When you are really turned inside out and are still in the dark, then take a break.

6. Then get back to work. After you've slept on it, make a fresh start.

Remember, creativity is when you look at problems in unhabitual ways. When you learn to overcome your old habits of thinking and replace them with new ones, you'll be a more creative person--and both you and others will benefit.

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DECISION MAKING

The central theme of this article is on making career decisions, but the four myths apply to other decision-making situations as well. The importance of reality perception and using feedback in decision-making situations is also highlighted. Reality perception is essential in the expectations we have of the results of decisions. Feedback can be very helpful in both making good decisions in the first place, and in changing our minds when that is called for.

1. Why is a completely rational approach insufficient for good decision making?
2. What good reasons are there for changing your mind? What good reasons are there for not changing your mind?
3. What sources of feedback are suggested for making decisions?
4. What are the drawbacks to making quick decisions?
5. What kinds of results should be expected from a good decision?
6. Have you encountered any of these myths in your decision making? How did they affect your decisions?

THE NONSENSE ABOUT DECISION MAKING

To put your energies behind a career goal, you have to make a firm commitment. That often means deciding between options and risking a bad choice. Psychology professors Irving L. Janis and Leon Mann, authors of Decision-Making, A Psychological Analysis of Conflict, Choice and Commitment, caution you to be wary of the following common myths when you make important decisions.

Myth 1: You must make decisions by reason alone. Nonsense. Despite the most rational approach, if a decision just feels wrong, look out. We often have to trust our feelings about what makes us happy or comfortable.

Myth 2: Never changing you mind is a sign of strength. Situations change every day, and you must make decisions based on the most updated information available to you. Perhaps what seems like the perfect decision now will next year seem impossible. Remember that most decisions are not irrevocable. Don't be afraid of shifting gears to a more likely choice as your attitudes change. And try to leave some options open for changing your mind.

Myth 3: Most good decisions are made quickly and on your own. Not necessarily. Whenever you are tempted to make a fast decision, make a list of all the positive and negative factors involved. It might unearth some possibilities or solutions that you hadn't thought of.

And you can certainly use the advice of people qualified to help you. Talk it out with friends, parents, advisors and a career counselor. While the final decision must come from you, weighing the advice of those who can help makes good sense.

Myth 4: A good decision should make you totally happy. Any decision has its positive and negative consequences. Being aware of the good and bad in any choice makes it easier to accept emotional setbacks. Don't expect a completely happy ending to any decision.

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DECISION MAKING

Unless we develop an objective approach to decision making, we may not learn from our experiences. This does not mean that intuitive or instinctive decisions are never appropriate, for some decisions may have to be made in a minimum of time and with incomplete information. It is fruitful, however, to reexamine these decisions in an objective manner, if we wish to gain from our decision-making experiences.

This article provides us with one decision-making process which will increase our objectivity. It can help us to improve our skills at solving problems either of a personal or business nature.

1. How does the Is/Is Not affect reality perception?
2. How might "The Why" affect the other five building blocks?
3. Why should a mission statement be made in broad terms?
4. What three elements are involved in determining criteria for reaching a decision?
5. How does each of the suggestions work as building blocks?
6. How can this approach be used in group decision making?

SIX STEPS TO EFFECTIVE DECISION MAKING

Every moment of our waking life reflects past decisions. With a lifetime of decisions behind us, you would think we would be expert at making them. Yet this is rarely the case. For decision making, unlike other skills, does not necessarily improve with repetition.

Without a coherent approach, nearly every decision may turn out to be a major undertaking.

When faced with a particularly tough decision, we may feel paralyzed. Sometimes, it appears that there is no alternative; other times, we are overwhelmed by the number of options available to us.

The anxiety produced by the need for an effective decision may cloud our ability to think rationally. We may suffer from the illusion that we have no choice, that we cannot act. Yet the longer we postpone action, the harder it may become to implement any change at all.

GREAT REWARDS

The proper decisions can, of course, bring great rewards in the business world, both for companies and for individuals.

In working with numerous corporate managers, I have developed a system which helps make decision making effective. The system, called applied synergetics, focuses on six decision-making building blocks.

These building blocks enable a person on a management team to define goals, develop a vision, and proceed methodically without anxiety toward potent decision making. The six building blocks are:

1. The Why. Is a decision really necessary? Smoke out the real issues.
2. The Mission. What are you essentially trying to determine?
3. The Criteria. What do you wish to achieve, preserve, and avoid?
4. The Priorities. What are they? Which priorities are essential to your objectives?

5. The Scanning. Hunt for solutions that meet your criteria.

6. The Testing. Develop data and evaluate solutions.

To make a good decision, we must have a thorough understanding of the problem.

The why, building block No. 1, is the part of the decision-making process which makes the whole problem visible. Asking why a decision is necessary and listing your responses will help you crystallize the issues, bringing the hidden consequences to the surface.

FACING THE TRUTH

If there are things we do not want to admit to ourselves, we may not answer our own questions truthfully. Frequently, people who normally face up to things very well are unable to look at certain painful realities. This is where a why tool, which I call Is/Is Not, is especially effective.

The president of a well known firm of consulting engineers had noted that one of his most capable young executives, a man who had just opened up the overseas division, was not happy. The young man had tried to talk to the president about the fact that the nature of the firm was changing, but the president had cut him off. Sensitive about this subject, the president had fabricated his own version of what was bothering this young executive.

He called the young engineer into his office and said: "I have noticed that you are looking preoccupied, and I am concerned. I want you to know that we appreciate your fine work, and despite the fact that you received a 15 percent merit increase just five months ago, we are giving you another ten percent increase.

"I hope this shows our faith in you and conveys to your family our appreciation of how difficult it must be with you traveling so much and working so hard."

Within three months, despite the raise, the young man left the firm.

WHAT WAS WRONG

If the president had smoked out the issues, using the Is/Is Not approach, the conversation might have gone something like this:

(Is Not.) "The problem is not that you are working too hard?"

(Is.) "No, I'm working hard, but it is no problem."

(Is Not.) "The problem is not that you are away from home too much?"

(Is.) "No. I'm away from home, but my family understands and knows it is only temporary."

(Is Not.) "The problem is not that we haven't rewarded you well enough financially?"

(Is.) "No, you have been very fair."

(Is Not.) "The problem is not that the nature of your work has been changing as the company has grown?"

(Is.) "No, it is that the nature of the company has been changing as my work has grown."

What troubled the young engineer was a feeling that the firm was losing its original character, its zest for innovation, and even some of its integrity.

In effect, the president had chosen to try to buy off this idealistic young man. He was trying to purchase a yes-man.

The president had assumed he knew the root of the trouble. Lacking an objective process or impartial sounding board to help him think the problem through, he had been unable to analyze the problem effectively.

STATING THE MISSION

Building block No. 2, stating the mission, is the most critical step in the decision process.

If you do not know where you are going, how can you hope to get there? A conscious determination of the mission is frequently omitted because it appears that the mission is obvious.

Yet I am continually discovering situations in business where the chief executive officer perceives a mission one way, a vice-president perceives it another way, and lower-level executives perceive it still a third way.

In a recent study, I found that the president of a large manufacturing company viewed his vice president's mission as the achievement of manufacturing results to meet forecasts. The vice president saw her own mission as developing improved long and short-range manufacturing plans and then ensuring their fulfillment. Her subordinates viewed her mission as development of an operating plan and day-to-day direction of manufacturing activities. They resented this latter function, because they felt it left no room for their own initiative.

Before the study, the vice-president gave highest priority to meeting the production schedule, second priority to living within the budget, and third priority to managing people. After the study, she decided that if she provided a management climate in which people could use more of their skills, she would get the necessary production at the right price. Results proved her correct.

ANALYZING YOUR ROLE

In using building block No. 2, you should:

- Determine whether your mission is within your scope.

Is it within your power to control or at least influence? There is no point in selecting an impossible mission.

- State your mission broadly, not specifically.

As you broaden the mission, you broaden the number of possible solutions.

- In general, avoid formulating mission statements in terms of either-or or yes-no. Such limited alternatives tend to put blinders on you when you scan for possible solutions. "Determine the best type of job for me" is a better mission statement than "Should I take the offer from the X Co. or the Y Co.?"

BUILDING BLOCK NO. 3

The criteria for reaching a decision are determined by what we want to achieve, preserve, and avoid. This is building block No. 3.

A young woman who had taken on the affairs of her aging aunt in Long Island needed to sell her aunt's house to cover the rising costs of her nursing home care. The only offer she received on the house was lower than its worth, and the buyer asked her to hold the mortgage. Should she sell at the distress price, hold out for a higher price, or rent the house?

Applying the achieve-preserve-avoid formula, she concluded that she wished to:

Achieve: A feeling of having fulfilled her responsibility to her aunt, ensured adequate lifetime income for her, and freed her from worry and excessive responsibility at minimum risk and quick action.

Preserve: Her aunt's continued residence in the nursing home or its equivalent, and the current equity in her house.

Avoid: Selling at a distress price which would not produce sufficient income for her aunt's care, risking the possibility of vandalism the longer the house remained unoccupied, and paying excessive sales commissions.

THE NEXT STEPS

Once these criteria have been set, the next step in the decision-making process is the application of building block No. 4: Determining your priorities.

What are your absolute requirements?

In the aunt's case, her continued residence in the nursing home was essential, as was sufficient money to pay for her care. After determining that, her niece weighted each criterion on a scale of one to ten, ranging downward from minimum risk, rated ten. For example, she gave a rating of four to avoiding excessive commissions.

When the reason for a decision has been established, the mission stated, criteria formulated, and priorities set, building block No. 5 may be applied.

That step is scanning for solutions. In the case of the woman and her aunt, the young woman developed several options:

She could accept the buyer's offer and hold the mortgage.

She could reject the offer and wait for a better one.

She could make the buyer a counteroffer.

She could rent the house or move into it herself.

The young woman also came up with two previously unrecognized choices: Donating the house to a charitable institution in return for an annuity, or investigating government assistance for her aunt.

SCANNING THE SOLUTIONS

Another example of scanning is the case of a results-oriented executive who found himself in trouble.

This man was hand-picked from outside to be president of a large conglomerate. He was selected over the heads of a number of senior executives. The others were offended by being passed over.

Fortunately, the new president clearly understood his mission: To stave off a possible palace revolt by others who thought they should have had the job.

But how could he win the trust, confidence, and active support of his hostile subordinates? He needed their talent, experiences, and commitment. Otherwise, the new president feared, these subordinates would resign and join the competition.

Should he conciliate them, dominate them, or separate them?

Which was the new president to do and why? After reviewing his options and problems, he gave himself a 90-day limit within which to achieve a positive working relationship with these executives.

WINNING SUBORDINATES OVER

One of the president's first insights was that these neglected executives were indeed just that; they had never previously been allowed to exercise real power. Thus, one of his first steps was to dispense with wagon-wheel meetings, dominated by one person at the hub who communicated with subordinates sitting at the end of each spoke.

The president introduced the applied synergetics, or cooperative, approach into one-to-one relationships with subordinates and into group sessions.

He used the six-building-blocks process to help his team develop a common vision and to crystallize team members' thinking more rapidly on issues. Management teams trained in the building block approach typically develop more innovative solutions than any one executive working alone.

The president's basic mandate to each executive was this: "If your ideas win my approval, I will deliver the board chairman's approval. Win with me, and you will get approval for your plan. If I cannot deliver the chairman's approval after I have given my own, I do not deserve to be president and you will see my resignation." To date, the company has had four consecutive years of improved earnings.

BUILDING BLOCK NO. 6

The final building block, testing and contrasting, allows you to scrutinize and rate each solution against your criteria. It is, in fact,

the moment of truth. Take the time to troubleshoot. Ask yourself what could possibly go wrong and develop preventive measures.

Talking to an outside professional consultant may be advisable, either for you or for your management team.

It is best to take as many precautions as possible, remembering the old saying: "Everything that begins well can end badly."

The chief executive officer of a large automotive parts company expressed reservations about a proposed advertising campaign which sought to associate his company's automotive parts with taxicabs. He reasoned that the public image of taxis was poor, and he thought the idea of associating taxis with his company's products was unappealing.

TAKING A FRESH LOOK

Using the building-block strategy, the chief executive officer suggested that the ad campaign be freshly examined.

"Pay no attention to my personal feelings," he told the company's marketing department. "Troubleshoot to discover everything that could go wrong. Determine how you will assure the executive committee that the worst will not happen before you make a recommendation to the committee."

The marketing force did just that. Applying the six building blocks, the marketing department demonstrated that the public would be impressed by auto parts that could stand up under the stress of taxi use. The department added more stringent requirements to the testing of products to forestall any counterclaims of unfair testing.

Presented with the new data, the executive committee approved the advertising campaign.

Parts failure during the test on taxicabs was only one tenth of one percent. The campaign turned out to be one of the most successful ever run by the firm.

A LIFETIME TOOL

The six-building-blocks process is a lifetime tool. It provides you with a way to solve problems that may appear to defy solution. These issues may range from a potential divorce or the loss of a child's love to a personal career crisis or a major business decision.

When used by an organization, task force, committee, or any other group, this approach makes it easier to develop group commitment and to form common goals. By applying this process to decision making, the group can significantly increase its skills at solving problems and rapidly shrink the time required to achieve results.

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DECISION MAKING

This article is concerned primarily with decision making regarding career choices, but the principles are also applicable to self-employment and every day decision making. The interrelationship between risk taking and decision making is clearly illustrated. While a calculated risk must always be taken, this risk can be minimized by collecting as much information as possible. The authors identify some serious flaws in the way many people make decisions and offer suggestions for coping with them.

1. Why do people overlook important information when making decisions?
2. What are two kinds of risks described in making career decisions? Which do you think you would choose? Why?
3. How can the risks be moderated?
4. What are three serious flaws in the way people make decisions? How do these flaws impair reality perception?
5. What is meant by vigilance?
6. What is the balance sheet procedure? How is it used for making decisions?

THINKING CLEARLY ABOUT CAREER CHOICES

"Years ago I made a bad mistake, and now I'm paying for it: I'm trapped in this job."

"I should have found out how this firm was run before taking their offer. I had other good prospects at the time."

"They led me down the garden path, and I was damn fool enough to be taken in."

When 81 middle-level executives of a large industrial organization were interviewed for a study of career satisfaction several years ago, a sizable number said they were disgusted with their jobs. In confidence, they complained about petty rules and dull routines that interfered with getting their work done, obstacles to being promoted, long hours that were ruining their home lives, and the disruptions caused by repeated reorganizations. Listening carefully to their complaints, the investigators also heard something else: the executives' regrets at their own miscalculations when they first decided to come to work for the company. A few (like those quoted above) candidly admitted that they should have found out much more about what it would really be like to work there before accepting the job.

We have heard comparable complaints from lawyers, physicians, public administrators, and technical specialists. Why do so many intelligent, well-educated people make poor career choices they sooner or later regret? Why do so many fail to correct their mistakes, despite opportunities to reshape their careers?

When people confront a complex problem of trying to satisfy many different objectives and foresee the consequences of various alternatives, they often come up against the limitations of their mental capabilities. Misjudgments also stem from pressures to conform and other social constraints. Above all, the stress of making crucial choices, with serious consequences that one might later regret, sometimes itself impairs critical judgment.

Psychological studies suggest that most people tend to short-circuit the essential stages of search and appraisal when they become aware of possible undesirable consequences of their choices. Even the most mature and the best educated can deceive themselves into believing they have complete information after brief contact with a so-called expert and perhaps a few informal discussions with friends.

Whenever a decision entails serious, lifelong consequences, it pays to use sound decision-making procedures. People can make sound decisions, and new psychological theories and findings can help them. Some of the approaches we will discuss can be carried out on one's own. Others may require the help of a career counselor or personal adviser. Even people who are highly experienced at making decisions can benefit from a bit of guidance if they are choosing a career, changing jobs, moving to a different city, or whatever.

Consider the following dilemma: You are offered an excellent position in a large organization that is much better than any alternative offer. It will make more use of your training and skills and offers better pay, better working conditions, and greater opportunities for advancement. But the organization is having some financial difficulties that sooner or later could require drastic budget cuts, which could result in the elimination of a large number of jobs, including the one you are being offered. For a decision of this kind, there are <u>two</u> risky scenarios to worry about: one is dramatic and obvious, while the other is more subtle and might not receive as much attention as it deserves.

Scenario 1: Recognizing a unique opportunity, you decide to accept the offer. You work hard, you are successful, and you are rapidly promoted, just as you had been led to expect. But after a few years, your worst fears come true. You are laid off, along with hundreds of others, and you suddenly find you are unable to find an acceptable opening in your field in a tight job market. This is what

actually happened to thousands of professional engineers and executives when the aerospace industry underwent cutbacks during the early 1970s. And something similar is happening right now to thousands of men and women who have just obtained their Ph.D. degrees and are trying to get jobs in college teaching.

Scenario 2: Recognizing the risks posed by Scenario 1, you decide to play it safe by refusing the offer. Instead, you accept an inferior position, with less opportunity for career development, in a financially untroubled organization that everyone says will be going strong long after you reach retirement age. But suppose Scenario 1 does not materialize and you regret the sacrifice you made for the sake of job security? Your work in the safe organization turns out to be no better than could be expected--dull, routine, very little opportunity to make use of your skills or develop your potentialities, and no real hope of promotion. As the years go by, you learn that people in your occupation who took jobs in the more attractive company and comparatively well satisfied and the most talented ones are being rapidly promoted. In short, you have to live not only with a blighted career, but also with the realization that you have failed to grasp your one great career opportunity.

Though the different consequences of such decisions may seem quite obvious, many people overlook some of the risks that could lead to unpleasant outcomes. Sometimes they are simply unwilling to think about such painful things. In the case described above, the most attractive alternative required the calculated disaster, whereas the calculated risk for not choosing that alternative was a long, drawn-out tragedy that could be just as bad or worse. Our choices are often structured in just that way.

What is the advantage of working out these gloomy scenarios? If we don't we may not know what kind of information we need on the possible consequences of our choices. If we ignore the threat of a

drastic budget cut, for instance, we're not likely to seek inside information that will enable us to estimate the likelihood that such a cut will occur. Even if no such information can be obtained, there are advantages to becoming keenly aware of all the things that can go wrong after a decision is made. We can then keep our losses to a minimum by making contingency plans.

Studies of occupational choices by economist Eli Ginzberg and others indicate that many people never make a deliberate decision at all. They move from one job to another in haphazard fashion, accepting any new offer that seems better than their current position, without systematically weighing the pros and cons. Even people who are in skilled occupations sometimes find themselves slipping into a career they might not wa[illegible] taking one small step after another. A person hears about an opportunity to obtain specialized training that sounds as if it could be useful, signs up for it, and then accepts the first job that comes along that makes some use of that training.

Conflict over a career decision usually begins when a man or woman is confronted by some challenging new information. Such a "challenge" may take the form of an opportunity or a threat, an offer of another job that has many attractive features, perhaps, or a report that his or her company may go out of business. Only when people believe that the risks involved in the decision are serious--and that they can find a satisfactory solution--do they actively and thoroughly examine the alternatives. In their recent book, Decision-Making, Irving Janis and Leon Mann identify serious flaws in the way many people make decisions and some coping patterns:

Complacency. People who ignore challenging information about the choices they must make are demonstrating complacency. A typical challenge that people who work in large organizations sometimes choose to ignore is the threat of losing their status and some of their special prerogatives as a result of a reorganizaton. When complacency is the dominant pattern, people do not believe the risks are serious. They

take the attitude that it won't happen, or even if it does, "It won't affect me."

Complacency also occurs when the challenging information is accepted and the people acknowledge there are risks in continuing with what they're doing--but see no risks in choosing a new course of action. This type of complacency is shown by men and women who immediately accept an offer of what appears to be a better job with more opportunity for advancement without spending any time or effort to find out what they might be letting themselves in for.

Of course, complacency is entirely appropriate for many decisions, especially when nothing much is at stake. It is justified whenever there are no serious risks from failing to make the best choice among alternatives or when there is no reason to believe dire warnings of disaster.

Defensive avoidance. When people confronted with a decision believe there is a danger but don't believe that they can find an acceptable solution, they are engaging in what we call defensive avoidance. They may be upset on one level, but manage to remain calm by resorting to wishful thinking, which enables them to deny the seriousness of the threat. The specific patterns of denial can vary considerably. Sometimes it is much like the reaction of people who ignore danger signals from their bodies. For example, there are many who do not do anything about swellings, even though they know such symptoms could be cancer. They try not to think about their symptoms, and they stay away from their physicians and others who could tell them what the symptoms may mean.

Middle-level executives may be reacting in essentially the same defensive way when they fail to think about the implications of a series of minor complaints about their work from superiors. Policy-makers engage in defensive avoidance when they are intent on developing

rationalizations for a particular course of action without examining alternative courses. Some political writers argue that this was the flaw of "the best and the brightest" who were making policy in Washington during the Vietnam war. The most common strategies of defensive avoidance are (1) rationalization ("It can't happen to me"), (2) procrastination ("Nothing needs to be done about it now. I can take care of it later"), and (3) buck passing ("I am not the one who needs to do something about it").

People engaging in defensive avoidance often appear outwardly calm. They are even able to hide the stress from their own awareness. Only when people are forced to deal with some aspect of the threatening situation does the anxiety appear.

Hypervigilance. When people are faced with an immediate threat and believe that there is not enough time to find a solution, they may become hypervigilant. In its most extreme form, hypervigilance is the dominant pattern, people search frantically for a way out of the dilemma and seize upon hastily contrived solutions. They are likely to overlook the full range of consequences of their choice--as well as other viable alternatives. People who are in a panic or near-panic state sometimes show signs of cognitive constriction, such as a reduction in immediate memory span and simplistic thinking. Fortunately, panic is not a very common response.

When people realize that the deadline for accepting an offer is approaching and are keenly aware of the risks and consequences of the choices, they may display all the symptoms of acute emotional stress. Such a person is likely to fail to make effective use of the limited time available and to choose on the basis of grossly inadequate search and appraisal. Similarly, when people are heavily in debt and lose their jobs, they may get into near-panic states in their attempts to find another one immediately. In their excited state, they may accept the first offer that comes along, but they may also fail to notice subtle signs of trouble ahead that they would normally take seriously.

Vigilance. Vigilant decision making occurs when anyone faced with a crucial choice believes that (1) the threat is serious, (2) they can find a solution, and (3) there is enough time. When these conditions are met, people conduct an effective search for alternatives and carefully evaluate those alternatives.

Further, they evaluate the information in a relatively unbiased way. They also work out contingency plans in case one or another of the risks materializes. In contrast, those who display complacency, defensive avoidance, or hypervigilance are unprepared for even minor setbacks. They develop strong feelings of regret and are much less likely to stick to their decision, even though changing may be quite costly in terms of time, money, and reputation.

Several procedures have been developed to encourage the vigilant coping pattern. They are most applicable at the point that a person is approaching an irrevocable commitment, but has not yet started to carry out the decision. One of these is the balance sheet procedure, an exercise that requires a person to answer questions about potential risks as well as gains that he or she had not previously contemplated. The procedure involves classifying the expected consequences for each alternative course of action into four main categories: (1) utilitarian gains or losses for self, (2) utilitarian gains or losses for significant others, (3) self-approval or disapproval, and (4) approval or disapproval from significant others. The decision maker fills out for each alternative a balance-sheet grid, which describes the positive anticipations and negative anticipations expected from each of the four categories.

One executive who filled out such a balance sheet was thinking about whether to leave his position as a production manager in a large manufacturing plant. He listed a number of "negative anticipations," from long hours and constant time pressures to "stupid" demands made by the top managers, to his own irritability at home as a consequence

of job problems. Nevertheless, this man decided to stay where he was. Why? Because of the weight he gave to the positive entries in the nonutilitarian categories--his pride in his role as leader of a competent team, his sense of welcome responsibility for their high morale, his warm, friendly relationship with others, whom he did not want to let down by leaving. He felt that his friendship with his immediate superior was especially rewarding and that together the two of them could save their team from the negligence and stupidity of the firm's top managers. All the negative aspects of the job did, however, affect this executive's contingency plans: he was determined to find a position in another firm if the men in his unit were scattered in a planned reorganization.

Studies with Yale College seniors suggest that the balance sheet is a feasible way of stimulating people to become aware of major gaps in their information about decisions. In Decision-Making, Janis and Mann illustrate with the following example how this procedure can be something quite different from a coldly intellectual exercise.

"One senior who originally was planning to go to a graduate business school for training to become an executive in his father's Wall Street firm was surprised at first when he discovered that the cells in the balance-sheet grid pertaining to self-approval or disapproval were almost completely empty. After looking over the standard list of items to be considered in those categories, he was stimulated to write down several ways in which his career as a broker would fail to meet his ethical ideals or satisfy his desire to help improve the quality of life for people in his community. As he thought about these neglected considerations, he became worried and depressed. Then, while filling out the cells of the balance-sheet grid for his second choice--going to law school--he began to brighten up a bit. Eventually he became glowingly enthusiastic when he hit upon the notion that instead of becoming a Wall Street lawyer he might better meet his objectives by

being trained for a career in a legal aid clinic or in public-interest law. Finally, his mood became more sober, but with some residual elation, as he conscientiously listed the serious drawbacks (parental disapproval, realtively low income, poor prospects for travel abroad, etc.) of the new career plan he had conceived. Afterward he thanked the interviewer for making him realize he had been on the wrong track and for helping him arrive at his new career plan, which, in fact, he had worked out entirely by himself in response to the open-ended nature of the balance-sheet procedure."

What works for Yale seniors may not, of course, work for other kinds of people. However, three large field experiments have shown that it can work with other populations as well. The tests were done on high-school seniors trying to decide where to go to college and two groups of adults deciding whether or not to diet and attend an early-morning exercise class for health reasons. Those who were asked to fill out balance sheets in making their choices were more likely to adhere to their decision and had fewer regrets afterward than those who did not use the balance sheets.

Why is it beneficial to go through the laborious procedure of filling out a balance sheet? First of all, as in the case of contrasting outcome scenarios, such a procedure counteracts complacency and promotes vigilance. Second, it makes the decision maker realize the need for contingency plans--figuring out what to do if one or another of the unfavorable consequences listed in the minus columns were to materialize. Third, it helps one to make a more comprehensive appraisal of the alternatives. By seeing all the entries, the decision maker can start thinking about possible trade-offs, concentrate on the major differences among alternatives, and think about the degrees of importance of crucial pros and cons.

Another procedure designed to promote vigilance is stress inoculation, which is appropriate shortly after a decision is made but

before it is carried out. Under this approach, a person is given vivid descriptions of what it will be like to experience the expected negative consequences of the chosen course. Such a method not only makes him or her more aware of the probable difficulties and losses to be expected, but also promotes a certain amount of inner preparation that reduces the likelihood that the person will feel helpless and demoralized if temporary or long-range setbacks occur. We would expect stress-inoculation procedures to be effective for any decision that entails severe short-term losses before substantial long-term gains are attained. The decision to become a lawyer or a physician, for example entails many long years of training and apprenticeship before attaining professional status and the rewards that go with it. Irving Janis's studies of surgery patients tend to confirm the benefits of stress inoculation. Patients who received information about the unpleasant consequences of their operations were less likely to overreact emotionally to setbacks and adversities after making their decisions (although the data are correlational--that is, other possible explanations for the patients' improved attitudes are not ruled out). Supporting evidence was subsequently obtained by other investigators in controlled field experiments with hospitalized patients.

Does the same sort of thing happen when a person is choosing a job or making plans to retire? The answer is yes. Evidence from a dozen or so field experiments shows that stress inoculation can dampen postdecisional stress and minimize the tendency to reverse the decision when setbacks are encountered. A number of studies indicate that new employees who are given realistic preparatory information when offered the job, or immediately after they accept it, are more likely to stay with the organization.

Where can people go to obtain stress inoculation when they are about to start a new job or make some other important life decision?

If they try to do it on their own, they should seek as much information as possible about the job, preferably from someone who knows the inside story and can give a vivid account of what is in store for them, along with some realistic reassurances that counteract feelings of helplessness and hopelessness. It may be very difficult to find a good informant. In such a case, a professional counselor can be helpful if he or she is trained as a decision counselor.

Adapted from "Thinking Clearly About Career Choices" by Irving Janis and Dan Wheeler. Reprinted from Psychology Today magazine, May 1978. Copyright © 1978, Ziff-Davis Publishing Company.

HUMAN RELATIONS

One reason that human relations ability is important in business is that you have to depend on other people to help you accomplish your goals. Even if you have no employees, you often depend on your suppliers, accountant, attorney, and your banker. The principles explained in this article apply equally to dealings with most people with whom business owners come in contact.

1. How is it possible to build a person's self-esteem while giving criticism?
2. How does focusing on a problem rather than personality result in improved communication?
3. What are three ways of using reinforcements in working with people? Which are most effective?
4. What is meant by active listening? What is gained by the listener? By the speaker?
5. How can setting goals promote good human relations?
6. How might the five principles described conflict with our natural tendencies to react to difficult situations?

HOW GOOD PEOPLE HANDLERS MOTIVATE OTHERS

A supplier has delivered some wrong merchandise for the second time. The customer telephones the factory. "Who's running things there?" he asks. "The Marx Brothers?"

The customer, a busy executive, has successfully gotten across the fact that he is angry. Blowing off steam has also relieved some of his tension. But he has failed utterly at motivating his supplier to do better the third time. He has failed because he does not understand basic principles of motivation that successful people-handlers use.

Industrial psychologists have identified at least five important principles of motivation. Many successful managers employ them instinctively. Others may agree with them in theory, but ignore them in practice. Still others, like the angry executive confronting his supplier, handle people in ways that accomplish the opposite of what is desired.

Mastering these five principles can help you be a more effective people-handler--with suppliers, upper management, employees, customers, community leaders, government regulators, even the people in your personal life. The principles:

1. Build people's self-esteem.

The more confident people feel, the better they perform. This has been shown repeatedly. If the angry executive understood this, he would have tried to maintain the self-esteem of the factory personnel and given them confidence that they could satisfy him. Instead, his harshness made them feel defensive. They think his demands were unreasonable and could not be met no matter how hard they tried.

His mistake was focusing on the two or three items in the order that were shipped in error. He should have focused on the 18 or 20 that were exactly as specified and then gone on to complain about the others.

The principle can be applied widely: One of your field people is late with a report you need for a meeting. Begin by commending the thoroughness of her reports. Or a security officer has overstepped his authority. Recognize his diligence, then define the limits of his role.

Most people tend to fulfill the roles others assign to them. If you expect the best from people and show them you expect it, you have a better chance of getting it than you would otherwise.

This principle is tested regularly and often yields dramatic results: A new supervisor is given a list of five employees and told they have been especially productive. The five turn out to be star performers. In truth, the five have been picked at random. They succeed because they are expected to and are treated accordingly.

2. Focus on the problem, not personality.

An employee is repeatedly absent. You might be tempted to say, "You used to be interested in this job. Now you don't seem to care anymore." But you will be more effective if you focus on the problem rather than your assessment of the employee's personality or attitude. Say, "You have been out four times this month."

If you focus on a problem, you can discuss the problem. If you unfavorably judge a person's attitude or personality, defensiveness is likely to result and communication can become difficult or impossible. Also, attitude and personality statements tend to be vague and often are misinterpreted.

A vice president for sales is conducting a performance appraisal with a regional sales manager. The vice president tells the regional manager to be more aggressive. The regional manager promptly hires two additional district managers. In fact, the vice president meant that the regional manager's sales goals were eight percent lower than they should have been. "Raise your sales goals by eight percent" would have been a far better choice of words than "be more aggressive." Talk only about the problem or performance, not attitude or personality.

3. Use reinforcement to shape behavior.

The technique of reinforcement encourages desirable behavior and discourages undesirable behavior. It does this by conditioning other people to expect positive responses to their desirable acts and negative responses or no response at all to their undesirable acts.

As a simple example: A salesman increases sales continually. He gets a raise, and he works even harder because he wants to elicit management's favorable response (giving him a raise) again. Or a more subtle example: A division manager whose spending is constantly checked by senior management is able by year's end to stay within budget. Management then gives her a freer hand with spending. It has encouraged desired action with a positive response--this time by removing an unfavorable condition.

The most common form of reinforcement that is practiced is responding negatively to undesirable action--punishment. Unfortunately, people may become defensive, irrational, hostile, prone to resume the behavior as soon as punishment stops. They may avoid their punishers. They may permanently adopt the desired behavior and use it when it should not be used.

Rather than routinely using punishment, ask yourself if the other person will be adversely affected by a lack of reaction on your part. This will almost always happen if the other's action is intended to evoke a response from you. In such cases, taking no action may be the best response. For example, you might fail to return a phone call or not acknowledge a request.

The technique of reinforcement is a powerful motivator, and it is used with consummate skill by the great people-handlers in business, government, and other fields. Unfortunately, many managers pay too little attention to systematically responding in a way that will properly shape the behavior of others. Often they unthinkingly respond in a way that motivates others to do precisely what they do not want.

A committee chair drones on endlessly, wasting valuable time. The committee members are annoyed but, following tradition, each offers congratulations when the meeting ends. The committee has followed an undesirable act with a positive response, encouraging the chair to drone on next time.

A young employee comes in late. She explains that she has had to dig her car out of the snow. She smiles eagerly anticipating commendation. Her supervisor shakes her head in frustration at the lateness. The supervisor has followed desirable behavior with a negative response. Next snowstorm, the employee will stay home.

Even a no-response would have been wrong in that situation. Indeed, failure to commend good performance is management's most common mistake in motivation. Almost without exception, good performance that is unnoticed deteriorates.

Here are some tips to help you motivate with reinforcement:

- Respond to both small and large units of behavior. Begin with the first sign of desirable or undesirable behavior rather than wait for behavior to be repeated or become pronounced.
- Apply more reinforcement at the outset because it is harder to start behavior change than keep it going.
- Respond immediately following the other person's act. If you wait, your response may be confusing.
- Make certain that your positive and negative responses are seen as such by the recipient. No reward or punishment is suitable for everyone.

Like any technique of motivation, reinforcement can be overdone. When it comes to the supervising of people, however, rarely is there too much positive reinforcement. Managers who encounter undesirable behavior should ask themselves when the desired behavior was last reinforced.

In almost any supervisory setting, it is most effective to reinforce every improvement in performance until the desired performance level is achieved, and then gradually, but not abruptly, to reduce the frequency of reinforcement.

4. Actively listen

The plant manager slams his palm down on the conference table. "You give me impossible schedules, and you won't pay overtime," he says. "I'm supposed to be a magician. You don't give a damn."

The vice president for manufacturing nods sympathetically. "You feel we're asking too much. You're angry because we don't seem to recognize your problems or care about them."

The vice president is practicing active listening by feeding back the information given and the feelings expressed. Active listening assures the other person that you understand and is a necessary part of any exchange if you hope to motivate. It is especially valuable in emotional exchanges.

Remember to convey both the content and the feelings the other person has expressed. Do not include your own opinion at this point, though.

"This is the third price increase in two years," a jobber executive tells a manufacturer. "Our sales representatives won't even show your merchandise. They'll promote items from the other divisions. My division will never match last year's sales."

The manufacturer replies, "You think our pricing isn't realistic, so your sales staff won't even try to sell our line. You're discouraged because you're afraid this might hurt your division's sales."

Satisfied that the manufacturer has listened, the jobber executive is open to explanation about the price increase.

5. Set solid goals, keep communicating.

The meeting is over, but the process of motivation has only begun. Before you leave, make certain that you have agreement. Set

specific and clearly understood goals. Do not say, "Let's get together again in a couple of weeks." Instead, set a date for reviewing. Keep in touch, and keep reviewing the problem.

The goal you set should be somewhat difficult, but achievable. A too-easy or too-difficult goal demotivates. People with a history of failure are particularly prone to set unachievable goals.

Since people live up to their self-perceptions, your most important contribution will be building other people's confidence so that they can meet the goal. Remember, nothing succeeds like success, and nothing fails like failure.

Many major corporations--Exxon, Westinghouse, Union Carbide, Federated Department Stores--are teaching managers to use these five motivational principles effectively through a process known as behavior modeling. Specially constructed videotapes show the company's managers successfully motivating others in a variety of situations. Participants view the models, identify with the situations since they are representative of their own company, rehearse the modeled behavior under the coaching of a trainer (usually a line manager), and transfer the skills back to the job.

Such training has met with outstanding success in teaching these key principles of motivation, principles which can help you motivate, too.

Adapted from: "How Good People-Handlers Motivate Others", by Bernard L. Rosenbaum. Reprinted by permission from NATION'S BUSINESS, March, 1978. Copyright © by NATION'S BUSINESS, Chamber of Commerce of the United States.

HUMAN RELATIONS

The ability to relate to people is valuable in all aspects of life, and particularly important in business. One of the keys to good human relations is getting to know other people's needs and wants. This article gives advice on how to use this key to keep customers satisfied with your business. By keeping up with customers' habits, preferences and personal lives and by making them feel valued, you will encourage them to come back to your business again.

1. How is the Golden Rule applied to relations with customers?
2. How do the ideas in this article relate to planning and goal setting?
3. According to the survey described, how are sales affected by human relations?
4. What kinds of feedback can be used to create good relations with customers?

WHY CUSTOMERS COME BACK

Harry Jones, owner of Jones Apparel Shop, had reason to be pleased that day in August, 1971. John Smith had just bought an extensive wardrobe for his son who was going off to college.

While he was at it, Mr. Smith bought a new suit and overcoat for himself. The entire order came to more than $800.

Two years later, Harry was much less pleased about Mr. Smith's purchasing. Standing idly with one of his clerks, waiting for customers to walk into his store, he saw Mr. Smith leave the department store across the street. With him was a daughter, and they were carrying packages that obviously contained an extensive wardrobe.

If Harry thought about why this had happened, he probably decided it was because his competitor had been price-cutting again--or had run a big, two-page ad in the local paper. Since Harry couldn't afford either, he undoubtedly chalked up that lost sale to the fortunes of business.

What Harry didn't consider was that he had given Mr. Smith no compelling reason to return to his store. He had been out of touch with this valuable customer for two years. How could he expect him to think of Jones Apparal Shop when he was again in the market for clothes?

There's an answer to that question.

INDIFFERENCE MAKES A DIFFERENCE

If Harry had applied the Golden Rule in his dealings with Mr. Smith, his store would have been remembered--and his chances for repeat sales enhanced. Multiply Mr. Smith by the thousands of customers Harry had served in the past, and you can see how applying the Golden Rule can pay off handsomely.

If you think price is the only criterion in a sale, you haven't seen the results of a remarkable survey. It studied perhaps the most competitive business in the world--auto sales--and discovered the real reasons why people hadn't returned to the dealership where they'd bought their last car. Here's what it showed:

One per cent of the customers had died.

Three per cent had moved.

Five per cent had bought their next car from a friend or relative.

Nine per cent had sought lower prices elsewhere.

Fourteen per cent had left due to unadjusted service complaints.

And 68 per cent had left due to indifference on the part of the sales representative.

In other words, 82 per cent--those in the last two categories--took their business elsewhere because their last dealer didn't exercise the Golden Rule: Do unto others as you would have others do unto you.

How can you apply it?

- Recognize that customers represent your most valuable inventory.

You have exclusive information on their buying habits, preferences and personal lives. You acquire it through credit applications and from the friendly conversation carried on during a sale.

Harry Jones, for example, knew--or should have known--that Mr. Smith had a daughter nearing college age, that he'd outfitted his son in August and that Mr. Smith was the man who controlled the purchase. That's the best kind of marketing data there is--if you use it.

- Keep in touch with your customers.

Rather than have sales staff stand around waiting for someone to walk in, why not have them use the idle time for a planned program of customer contact? The telephone offers a very good way to do it. Here are a few proven approaches:

"Hi, this is Pat Brown at the Hanson Co. I see the warranty on the lawnmower you bought from us will expire next month. If it needs attention, be sure to bring it in before then."

"Hi, this is Pat Brown at the Hanson Co. When you bought a washer from me last year, you said you might need a new dryer about now. We have a good sale on them this week."

- Pinpoint your advertising to this customer inventory.

That involves direct mail. It can be expensive, but extremely effective, if you plan it well. One of the best devices is a monthly newsletter. It tells what's happening at the store--any special sales, new products or lines you carry. Auto dealers even list names of customers who bought cars that month. That's recognition that's usually appreciated.

Then personalize the newsletter for each sales customer list by imprinting on it the representative's name and photograph. It's not costly--and it keeps the sales rep's identity fresh in the customer's mind.

You can use direct mail to advertise specials you are running. If, for example, you're overstocked on station wagons, send a special letter to customers who've bought them in the past.

SALES UP 35 PER CENT

This type of program isn't just a wild new idea. It has been used with success by auto dealers since 1965. It can increase sales as much as 35 per cent--gross profits nearly 50 per cent--for dealers who work at it hardest. The key is to implement a program and stick to it. Once you have inventoried your customers--and established a personalized follow-up and promotional program aimed at them--you'll be very effective in tapping this market.

Adapted from: "Why Customers Come Back to Buy Again" by John Douglas and Kenneth Poorman. Reprinted by permission from NATION'S BUSINESS, November, 1973. Copyright © by NATION'S BUSINESS, Chamber of Commerce of the United States.

HUMAN RELATIONS

Delegating authority effectively is an important skill (or art, as it is called in this article) for business owners and managers who must depend on others to accomplish work. For a business owner, delegation ability can be difficult to learn. The attitude "if you want something done right, do it yourself" is the exact opposite of the attitude needed for effective delegation.

Delegating authority effectively requires a special kind of human relations ability. A balance must be struck between allowing freedom and giving support. This article presents guidelines for effective delegation and describes different delegation styles.

1. What is meant by delegating authority?
2. What dangers lie in the "let George do it" approach?
3. What is meant by the principles of authority, responsibility, and accountability? How are they different? How are they related?
4. What controls are necessary when delegating? Why are they necessary?
5. What are four types of delegators? What are the advantages and disadvantages of each?
6. What risks are involved in delegating? What suggestions are given for moderating the risks?

LET GEORGE DO IT

The art of delegating authority is perhaps the most complex of all managerial techniques. It means you let someone else make a decision for which you are held accountable. You give authority to a subordinate, yet you retain control.

You are only one person, so you are limited in what you as an individual can do. When you delegate authority you become many persons. Your subordinates are you deputies and they enlarge your area of action. They increase your efficiency, for they become extensions of your will.

However, they must work in their own way to develop their initiative, so you must give them the power of decision. Therefore you must set up controls through which you can guide the final result. The establishment of those controls is most important, for though you can delegate the responsibility and authority to someone else to carry out an assignment, you cannot delegate the accountability. You must check up openly or covertly to see that the job is done properly.

You can do specific things to assure that the decisions of your subordinates are intelligent. Primarily, you must make sure that they are actually making decisions on their own. Cut them loose from your apron strings. So long as you are breathing down their necks or looking over their shoulders they will never develop themselves or realize their full potential.

Of course you must use judgment. You can't simply say to an employee, "Go ahead. You're on your own," you have to provide them with guideposts, teach them how to decide questions in a framework of policy. The trick is to give authority without really relinquishing it. Sounds like a paradox, doesn't it? But it's not. It's the mark of the highly capable executive.

HOW TO INSTILL THE HABIT OF DECISION MAKING

Every day you have the opportunity to observe your subordinates and measure their growth in management. Every day you can appraise their development and the increasing maturity of their judgment.

If you are a good executive yourself, you know what decision a subordinate should make in solving a problem. You have experience, judgment and a knowledge of the situations from a background of facts. So when employees come to you with a problem and ask for advice on what to do, question them. Your questions should lead them through the basic steps in decision making. Finally they will come to the threshold of a solution. Then you can say, "We have reviewed the question. All the facts are before us. What would you do?"

The chances are you will get the right decisions and in the process you have developed their ability to think like executives. Of course you could have told them what to do the minute they started to talk, but instead you made them think for themselves. It was worth the trouble, for the next time they are confronted with similar problems they will probably come up with the decision much more quickly and without bothering you. In effect, you are giving your subordinates plenty of rope, but are making certain they don't hang themselves before they learn how to use it.

CONTROL MEANS UNDERSTANDING

Speaking of "rope", Dr. Elliot Janney tells of a company president who said, "I've learned the hard way to give everyone all the rope possible without upsetting the team. Then I work like a beaver to create an atmosphere wherein everyone will feel free and easy about consulting me when the going gets tough."

Understanding is essential to smart delegation. If you give others responsibility, you must explain to them the limits of their authority and make sure they are aware of all company policies that

relate to their activity. And you must follow through to see that the assignment is carried out.

Since you do not want to be obvious in your supervision, you should try to create the kind of office climate in which your subordinates will keep you informed of progress. At the same time, when you give them something to do you don't expect them to be at your desk every 15 minutes or so with interim reports, so use more subtle methods. You get the "feel" of things through your talks with people. These conversations enable you to keep your finger on what's going on in an easy, informal manner. Your subordinates tell you how they are getting along on their assignments because they want to keep you up-to-date, not because they think you are playing police officer.

A mature person is not afraid of delegation. Timid executives may be afraid to delegate anything. They fear that if things go wrong, they'll be blamed, so they stand over the job.

On the other hand, strong leaders sometimes prefer to keep complete power in their own hands. They dislike delegating because they think no one else can do the job as well as they. They may be right, but they also may be confusing strength with weaknesses. If you dislike delegating, maybe it is because you don't trust yourself and not because you don't trust others.

ALONG CAME FRIDAY

You recall the story of Robinson Crusoe, how after a shipwreck he was washed up on a desert island. Since he was the only inhabitant he was forced to make decisions. Then along came Friday to be his manservant.

Friday, a native of those parts, was a fugitive from some cannibals on a neighboring island. Crusoe, having no other choice, took him into his employ. At first their relationship was strained, for Crusoe distrusted his new companion. He was afraid that if he taught him how to shoot, Friday might use the gun on him.

In the beginning, Friday's presence made Crusoe's job even more difficult. He had twice as much work to do--his and Friday's. It was only after he found Friday a faithful friend that he began to delegate and when he did he discovered his island life was much easier and far more pleasant. Moreover, he was still the boss.

You must trust people to whom you delegate any part of your job. And you must be willing to share the credit. Delegation is an art that depends on specific principles: authority, responsibility, accountability.

Imagine that you hire me to do advertising promotion. You fix my budget based on my needs and the finances of the company. I hire the copywriters, deal with the advertising agencies and printers. So long as I do not exceed my authority and accomplish your objectives, you don't interfere. But if, for some reason or other, I desire to spend more money than you have authorized, I come to you for a decision. You review my recommendation and either accept or reject my request. You give me responsibility but the accountability is yours. That you cannot delegate.

LEARN TO THINK ON TWO LEVELS

Since no two executives are alike, no two people delegate the same way. Some familiarize themselves with even the minutest detail of the activities of their subordinates and give careful attention to matters others would think trivial. There is a danger in this. You can get so bogged down by minutiae you don't have time for big decisions.

However, an interest in detail doesn't mean you can't see the whole picture. General Alfred Gruenther has the reputation of being a bear for details, but he also thinks broadly and imaginatively. An officer said of him, "He is able to clear his mind and his desk with lightning speed. He never abandons the detail; he simply operates brilliantly on two levels instead of one."

A comprehensive grasp of detail makes you a better executive, provided you can distinguish between what is big and what is little and keep detail in perspective.

THE CONTROLS OF DELEGATION

You have controls, some direct, some indirect, when you give assignments. How you use these controls determines your ability to delegate.

You have the telephone and the memo. You can call subordinates in to discuss problems and you can make it clear that they have the duty to keep you informed.

Lewis Allen of the National Industrial Conference Board tells the story of the personnel director of a Midwestern manufacturing company who delegated an assignment and neglected to follow up. A merit rating form had to be developed. The personnel director gave the job to the wage and salary executive. Six months later the executive vice president of the company asked the personnel director for the form. The latter hurried to the wage and salary executive to find that nothing had been done.

The personnel director did not try to dodge his accountability. He took the blame, but he thought he had simply been following the doctrine of completed staff work. What had he done wrong? Two things, says Mr. Allen. He had not developed a system for evaluating and reporting work in progress, and he had not instilled in his subordinate a recognition of the obligation to keep the boss informed. In short, he had delegated but had failed to establish a system of controls to make delegation effective.

OF COURSE YOU NEED INITIATIVE

It is true, perhaps, that too much organization kills initiative. General Lucius Clay, chairman of the Board of the Continental Can

Company, remarked in a discussion of The Art of Delegation that he would never be satisfied with people who were not continually seeking to add to their responsibility, to increase their authority, and who, in case of doubt, hesitate to make decisions which are not being made by others perhaps more directly responsible.

You will find that strong subordinates get much of their authority by a sort of reverse delegation process. They are good, they are confident, they continually reach for authority.

Wise leaders permit this, but they don't abdicate their own authority. They control the situation, for they understand their subordinates are filling a vacuum and know that wherever a vacuum exists, someone will move in.

A vice president of a New York company was listening to the complaint of a sales executive about the activities of a certain regional sales manager who had moved in on an open territory which the executive had always expected to develop.

After hearing the story, the vice president replied, "I know what Wilson is doing, and it's a good job. The opportunity was there for you, but you did nothing until Wilson beat you to the punch. Maybe Wilson moved too quickly, and maybe without authority, but am I to penalize a show of initiative?"

You can delegate without fear so long as you remain in charge. But you cannot permit ambitious subordinates, no matter how capable, to run all over you. You must make them understand that their authority is derived from you. If they exceed it, pull them up short and quick, but do so with a reason.

VARIATIONS IN DELEGATION

The extent to which you delegate authority to your subordinates depends on your personality. Some people are experts in delegation and seem to know instinctively how to get the best out of people.

President Eisenhower won much of his success because he became an expert in delegation. He gave subordinates authority and let them carry the ball. But he knew his subordinates. He rescued General Patton from oblivion after the "soldier slapping" incident in Sicily because he knew Patton had learned his lesson.

Patton went to France to lead a triumphant invasion. A lesser man than Eisenhower would have kept the fiery general on the shelf, for public opinion was bitterly against him.

When you delegate, you must do more than just know your people and their abilities. Actually, you must have their consent, and this means you must recognize their rights.

Perryn Stryker remarked on this change in the concept of the management function when he described the "upward" type of authority that is recognized by the modern executive. He meant the basic freedom to obey or disobey orders from superiors in an organization. By their willingness to cooperate and follow instructions, subordinates grant authority to those giving instructions. If they refuse to obey, their superiors have no authority over them. Of course, points out Stryker, you can fire uncooperative employees, but the firing tacitly acknowledges a failure in managerial authority and invokes the authority of private property to remove them from the premises. "The consent of the governed" is the only true authority, Stryker observes. You must recognize this and apply it when you delegate responsibilities to your employees.

WHAT KIND OF DELEGATOR ARE YOU?

There are different types of bosses, and how they get things done depends on their personalities. The same things goes for how they delegate. Let's look at a few examples.

1. The Bull of the Woods. Do you protect your employees, even the weak ones? Are you so capable on your job that your sub-

ordinates have tremendous confidence in you and follow your orders unquestioningly? If that's the case, you only delegate the routine. The major decisions you handle yourself.

In football, there are many coaches who call the signals from the bench and the quarterbacks follow them. Not much delegation of responsibility is there, but these coaches are successful. Their decisions are usually right and their players have supreme trust in their judgment.

Very few people either in football or business have this ability, yet too many executives try to use these tactics. Yet they don't really know how. They are merely arbitrary and opinionated, and try to keep power in their own hands not because they are sure of their abilities but because they are afraid of their weaknesses. They attempt to make themselves indispensable by doing everything personally. They are frightened of capable subordinates because they think good employees are a threat to their jobs. They masquerade as strong leaders, yet become petty tyrants, delegating neither detail nor decision making.

2. The Question Asker. If you ask questions, you can make employees think for themselves. It's a handy technique in delegation.

The vice president of the Continental Can Company said, "When you delegate make constant use of the question, 'What do you recommend?' If you answer a question with a question, particularly if it is a provocative one, you put the burden of thinking on the original questioners. It may be frustrating to them, but it forces them to make decisions on their own initiative. If your questions are intelligent and cause your subordinates to cover the ground you want them to, their decisions will probably be the ones you expect and you can safely delegate."

"The trouble with too many executives," said W.L. Price "is that they do the work of their subordinates. Someone brings in a program

about 75 percent completed. We accept this partially completed assignment and finish it ourselves. It's quicker that way, but we are not developing the person. We should throw the program back. Ask questions that will reveal the loopholes in the proposals. We should learn the trick of controlling delegation with a question."

3. The Arrival of the Fittest. If you really want people to make decisions simply give them problems and cut off their source of replies (that's you). And that's delegation with a capital "D". They have an assignment, they're on their own, they have to come up with a solution.

During World War II, so the story goes, there was a civilian (call him William Smith) who was an expert in transportation. The Navy required his special skill and he was awarded a commission as Lieutenant, Senior Grade, and put on active duty.

Somehow there was a mix-up. Smith was ordered to take command of a destroyer and assigned to convoy some merchant ships to Africa. He had never been to sea in his life, but his protestations got him nowhere, so he carried out his orders.

Although Smith did not know anything about ships he was practical and level-headed, and he counted on his officers. Smith learned his job while doing it. Before the war he had been a civilian engineer accustomed to directing people, and it was not too difficult to translate his technical ability into nautical terms. By the time the Navy realized what had happened, Smith had become an efficient line officer.

4. The Problem Solver. This is basically another form of forced delegation. The "completed staff work" technique gives you control of the final decision, but there are occasions when you will have to gamble. You have good subordinates and several big jobs facing you. Time presses, so you take a chance and delegate major assignments to them. Of course, you try to keep an eye on their progress, but maybe because of the taxing demand of your own schedule you give them more leeway than usual.

Frequently you will be surprised at how well they accomplish their assignments for there is nothing like responsibility in developing people. But in order to delegate on a freewheeling basis you must know your people. Robert E. Lee gave Stonewall Jackson practically complete discretionary powers and it worked. But Lee never found another general to whom he could give the same authority. When he tried it, his army suffered.

DO YOU LET GEORGE DO IT?

"Let George do it," is an expression that accurately sums up the shortcomings of thoughtless delegation. It means give the job to George and forget it. George often gets into trouble because there's no follow-up.

If you want to get anywhere in management you must let other people do it all right, but you must give them the authority, responsibility and motive to fulfill assignments. You must share the credit when they do good work. You can't simply slough off a responsibility and lay it in their laps then blame them if things go wrong.

Yes, you have a duty when you give a subordinate a job to do. Delegation is part of decision making, maybe the hardest part. How well are you living up to your responsibility to George? This test will tell you. You get ten points for each affirmative answer. If you score less than 70, you aren't delegating well.

MEASURE YOUR DELEGATION EFFECTIVENESS

1. I provide my subordinates with complete information on company policy and procedure as it relates to their jobs before I give them assignments.

Yes____ No____

2. I define precisely the limits of subordinates' responsibility, and satisfy myself that they have the same understanding of those limits that I do before I permit them to go ahead on their own.

Yes____ No____

3. When I delegate an assignment, I don't then forget about it. I follow up to see how it is done. Yes_____ No_____

4. I explain the principles of decision making to my people, but in matters that are their responsibilities I do not make the decisions for them. Yes_____ No_____

5. I try to develop the initiative of my subordinates so that they will be able to cope with emergency situations when they may have to act entirely on their own. Yes_____ No_____

6. I do not criticize employees for mistakes they may have made in handling energencies or unusual problems. I try to correct their errors through patient explanation. Yes_____ No_____

7. I am willing to give help to subordinates who must make decisions but I don't try to teach by giving answers. I endeavor to show employees how to find the answers on their own.

Yes_____ No_____

8. Except in grave emergencies, I do not countermand employees' orders openly, for I don't want them to lose face. When their decisions must be reversed I tell them privately, and let them make the necessary change themselves. Yes_____ No_____

9. Subordinates can count on my backing. I do not permit employees down the line to go over the head of their own boss to get a decision changed.

Yes_____ No_____

10. I take the responsibility for all decisions made in my department. When employees make mistakes they are accountable to me, and I am accountable to higher management. When something goes wrong, I do not try to excuse myself by laying the blame on the people who work for me. Yes_____ No_____

Adapted from: "Let George Do It" by James Menzies Black from the book How to Grow in Management, Prentice-Hall, 1956. Reprinted with permission.

PLANNING AND GOAL SETTING

This article explains the importance for entrepreneurs of setting goals. Both advantages and disadvantages are outlined, and guidelines are given for setting goals and planning effectively.

1. What are some advantages of planning?
2. Why do plans fail?
3. How are decision making and human relations important in effective planning and goal setting?
4. What are some characteristics of a good plan?
5. What is the difference between goal-oriented and activity-oriented plans? Which is more effective?
6. Examine the chart "Planning: Its Diseases, Symptoms and Cures" carefully. Are any of the "diseases" problems for you? What can you do about them?

GOAL-SETTING AND THE ENTREPRENEUR

"If you don't know where you're going, any path will get you there." Anonymous

Budgeting and financial planning are essential for any small business, particularly those with growth aspirations. Many techniques developed for resource allocation and management in large corporations, while having conceptual validity, are simply impractical for most small enterprises: they are too cumbersome, unnecessarily elaborate, and too time-consuming and expensive. Yet, if the small enterprise is to progress beyond the survival stage where financial planning focuses on next month's--or week's--receivables and payables to determine if cash-in equals or exceeds cash-out, then additional management tools are needed, in addition to the other requisites for growth.

It is my contention that using goal-setting is a significant tool for facilitating budgeting and financial management in the small enterprise. The basic principles and process of sound goal-setting underlie most effective approaches to money management in small and large firms alike. This article discusses goal-setting fundamentals: why it should be done; why it can fail and how failure can be prevented; and what its principal advantages and disadvantages are. The discussion which follows should assist the small entrepreneur in adopting an approach to goal-setting which can facilitate the development and implementation of practical budgeting and financial planning for the smaller enterprise.

There has been growing evidence in recent years that some of the important aspects of achievement motivated behavior can, in fact, be learned. In particular, developing or refining skills in effective goal-setting has encouraging implications for entrepreneurs. In addition, most schools of business and management have recognized and

included in their curricula such topics as management by objectives, planning, programming and budgeting systems, zero-based budgeting, and various long-range planning techniques. More recently, career planning and career development courses are being added which include personal planning as a topic. Further, large, well-managed companies commonly have their own version of planning and goal-setting throughout the organization. Most of these approaches have in common a balanced emphasis on both the process by which goals are set and the results they seek.

WHY PLAN?

More than any other, the old saying at the beginning of the article captures the rationale for establishing goals for the business. We've all heard the reasons why not to plan: The plan is out of date as soon as it's written down; no one knows what tomorrow will bring--better opportunities or unknown disasters; it's dangerous to commit to uncertainty; you can't predict the future. The list of such rationalizations can be lengthy. So why plan?

Certainly we don't know all the reasons for planning, but have attempted to summarize here some of the important ones:

1) Research shows a close connection between personal and entrepreneurial success, and the goal-setting and planning process. One of the most striking characteristics of successful entrepreneurs is their attitude towards and use of goal-setting.
2) Goal-setting helps you to work 'smarter,' rather than simply 'harder.' It helps you to come up with a better way by considering alternatives.
3) It keeps you in a future-oriented frame of mind. This thinking ahead helps you to anticipate, and thus be more alert for and responsive to problems, opportunities and changes that will affect you.

4) Planning helps you to develop and update a keener strategy by testing the sensibility of your ideas and approaches with others.

5) A more subtle consequence of proper goal-setting is the effects that the goals you are pursuing have on your motivation. Inherent in any goal is some level of effort required to attain it. This specific level of effort, once made clear, can be judged in terms of its ease of attainment. This could range from ridiculously easy to impossible. A goal that is ridiculously easy to attain means relatively easy going--there is plenty of time and it will not take any crash effort to reach the goal. The effect on motivation is that only a mild level of effort is generated.

Other goals might be set that are virtually impossible. The people pursuing the goal know it cannot be reached, and have a commitment tempered by the pessimism of knowing that they will not reach the goal. The essential element affecting motivation is how these individuals feel about their goals. Both the above examples create feelings that detract from the motivation to achieve.

Somewhere in between these two examples is the goal that is attainable, but will require substantial effort to achieve. The goal is not so difficult to reach that any amount of effort will clearly not help in reaching the goal, nor is it so simple to reach that little effort is needed. The individual pursuing the challenging but attainable goal is more motivated to work toward this goal than either the easy or too difficult goal.

6) Goal-setting also gives you a 'results orientation'--a concern for accomplishment and progress. Once you have stated a specific, time-phased, measurable goal it will be much easier for you and others to evaluate your performance. It will enable you to see how close you come to achieving it. That means taking a lot of responsibility for your actions.

7) It helps you to manage the risks and uncertainties of the future, but does not predict the future.

The list of reasons why you should plan could be extended further, but the preceding summary captures the essential ones.

DISADVANTAGES OF PLANNING

Planning is probably not for everyone. It is neither a panacea nor a sedative for lack of personal progress. While the author admits having a bias which favors personal planning and goal-setting, especially for those with entrepreneurial aspiratons, certain risks and limitations must be noted. For some, who may not be entrepreneurs, these drawbacks may offset some of the benefits just discussed.

1. The cautious person who is also anxious about failure may find that setting personal goals creates a further source of tension and pressure and a heightened fear of failure. The possible mental and physical consequences of such anxiety inducing activities can be counter-productive for such persons.

2. Establishing goals and plans requires making choices and commitments. It means setting priorities on goals. Inherent in this process is the possibility that future or yet unknown options, which actually might be more attractive than the one chosen, may become lost or excluded opportunities. This dilemma is central to the decision to commit oneself to a career or course of action which may take a few years to alter or undo.

3. Commitment to a career goal, particularly for those who are young and lack much real-world experience, can be premature. For instance, how many of us possess at ages 18 to 20 the accurate information, knowledge and experience about a particular career or role to decide wisely to become an electrical engineer, a pilot or a business man or woman? And for the many who learn from personal, concrete experience what they are and are not good at, and what they do and do not like, the problem of a premature career goal is even greater.
4. For the person who is inclined to be a compulsive and obsessive competitor and achiever, goal setting may have the effect of adding gasoline to the fire. Efficient planning and time management may contribute further to one's total focus on a particular task, project or career, to the exclusion of family, friends, community or other responsibilities. This dilemma faces not only aspiring entrepreneurs but anyone pursuing a similarly highly competitive and demanding career.
5. Invariably, some events and environmental factors entirely beyond one's control may boost or sink the best laid plans: the oil and energy crisis, a natural disaster, an accidental death, to name some examples. No planning process can foresee all such developments, nor could they necessarily prevent them even if they could be foreseen. Thus, during the demanding early survival stages of a new company, whose life expectancy at times may be estimated in weeks or months, major allocation of time and effort to planning for next year simply does not make sense.

WHY PLANS FAIL

Perhaps there is no greater frustration for entrepreneurs and managers than to experience failure with plans seemingly well prepared and well intended. Not only is it frustrating--well prepared plans consume precious hours--it is downright demoralizing when the plan doesn't seem to work. And this failure experience in turn breeds contempt for the entire process, particularly when success has been realized in the absence of formal planning. The significant issue is, thus, why do plans fail?

THE POST-PLANNING SYNDROME

Education researchers have discovered that several weeks or a few months following a particular training program participants often return to their old routine ways of doing things. Changed behavior in these instances has not been long lasting. And most of us have heard of or observed--or been victims of, in some cases--the recent graduate of an intensive "management science" or "human development" seminar. The first few days back on the job are characterized by behavior which is incredibly predictable, albeit short lived: a new enthusiasm, an impressive new array of "buzz words," a prominently displayed "coursebook" and "graduation plaque" on the desk or wall, and disciple-like exclamations regarding how "we need to (or will) do things differently around here from now on!" Seasoned greeters of these new behaviors know that bosses will probably need a week or two to get all of this out of their systems, to calm down a bit and to return to normalcy. Knowing well how unlikely it is that this enthusiasm will last, one is at once receptive--at least verbally--and, above all, patient.

These patterns and outcomes of many training experiences are characteristic of what we might call the post-planning syndrome. The plan doesn't work, so we retreat to the familiar and fall back on the

activity-oriented routine, or sometimes, crisis management. This activity routine often becomes counterproductive for the same reason it was prior to the seminar; it lacks or confuses priorities, has no longer-term purpose, and isn't aimed at the attainment of particular objectives. How many times, for example, has someone returned from the day at the office with the following observations? "I was busy all day. But I didn't get a thing done." But plans and planning need not necessarily be futile. We contend--and have seen in action--that planning will be effective when critical aspects of the process itself are not overlooked. And high performing entrepreneurs and managers usually approach planning as a total process, not an end result.

PITFALLS TO EFFECTIVE PLANNING

Central to effective planning is recognizing why plans fail. Simple enough: what are those behaviors or pitfalls which seem to contribute to planning failure, and what must be done to reduce the possibility of failure? While failure is a certainty if you don't work hard, only working harder is simply not enough. Working smarter is essential. Working smarter entails an awareness of and a response to six basic reasons why plans fail.

1. No Real Goal: If there is no plan, the plan can't fail. Oddly enough many people aren't actually aware of what a goal is. They may allude to some admirable mission such as "improve performance," "growth," or "increased business," but these vagaries are better labeled fantasies than goals. A goal must be concrete. If goals are not specific, measurable, time-phased and realistic, the plan is very unlikely to work.

2. Failure to Anticipate Obstacles: Obviously, no one can think of every possible contingency, but excessive optimism and over-commitment can seriously impede a sensible effort to anticipate

obstacles and pitfalls constantly. Every plan, no matter how carefully prepared, has its limitations and built-in conflicts over priorities and resources. And often the fact is that it's too late to note that "I should have thought of that!" Entrepreneurs who deliberately identify potential obstacles and how to overcome them have superior batting averages for their plans.

3. Lack of Progress Milestones and Reviews: Plans that fail often have no concrete milestones and progress review dates, or they are allowed to slip by. The reason is usually--"It can wait," "I can remember that," or "I know how I'm doing!" Periodic reviews of progress versus goals set provide "red flags" alerting you to a need for reassessment. And milestones passed provide an important sense of accomplishment, and thus motivation to succeed further. However, experienced practitioners know that excessive detail and analysis in the review process can detract from the purpose itself--implementation and goal accomplishment. The whole process must be kept simple and must avoid tendencies toward red tape and "check-ups." Effective progress reviews simply provide a test of the velocity, direction and reality of the plan at any point in time.

4. Lack of Commitment: Personal commitment is critical to the success of any plan. Commitment provides the self-motivation to see a plan through to completion. It's quite easy, especially for entrepreneurs to obtain "lip service" commitment from subordinates or co-workers to their plans. But unless and until the people who must implement the plan are committed to it, the plan is likely to go unmet. Commitment, though very difficult to create, seems to stem from involvement in the process of developing goals from the outset. Discussion which involves negotiating, compromising and data sharing helps to arrive at goals which are jointly established. When a plan doesn't work, it's easy to say, "I told you so; it wasn't my plan, it was the boss's!" This is the best indicator that a commitment was never really gained.

For the highly determined entrepreneur, another dilemma is faced on the other side of the commitment coin: the problem of overcommitment. While a zealous, strongly-felt commitment is necessary to sustain the entrepreneurial spirit, overcommitment can lead to ignoring reality and pressing ahead on a course which is unduly risky and may lead to costly failure. Overcommitment can block out important feedback, distort reality, and confuse perceptions of friend and foe. The consequences are apparent to all.

5. Failure to Revise Goals: Failure to set goals, anticipate obstacles, review progress and establish commitment, all contribute to plans gone amiss. An ever surer way to torpedo the best laid plan is the failure to reassess and reset goals and plans as dictated by the realities that unfold. New competition, loss of key personnel, overly ambitious timetables and a host of other uncertainties appear as a plan is implemented. Inflexibility or stubborness in the fact of these matters forces adherence to what is most likely an unattainable or inappropriate plan. Perhaps new expertise or other help is required. Failing to revise goals when it is appropriate to do so is to ignore reality. This is a key aspect of the process of goal-setting.

6. Failure to Learn from Experience: We often observe entrepreneurs doing some of the "right" things noted above, yet they somehow don't seem to learn from what they are doing. They will ignore feedback they are receiving: "We're behind schedule but our budget is holding up," or deny that feedback is even happening: "Go back and check your figures!" This failure to learn from current and past experiences seems to stem in part from an unwillingness to change their way of doing things. There is comfort in the thought--"It's worked before, it must be right." But this kind of entrepreneur will not find out if indeed, "it is right," until, of course, it is too late. Flexibility is perhaps the key attribute required here.

SUMMARY

In short, plans fail (and subsequently, entrepreneurs fail), because crucial factors are overlooked, and critical steps in the planning process are omitted.

- Specific, measurable, time-phased, realistic goals aren't really set.
- Commitment to success isn't obtained from critical people (you, your team members, and employees).
- Obstacles aren't anticipated, milestones aren't established to check on progress, provision isn't made for the unforeseen, and alternative strategies aren't developed to handle contingencies.

Moreover, planning should be used to reduce the uncertainty of the future and manage risk and change, not to forecast the future. Learning from failure, as evidenced by reassessing and resetting goals and plans periodically, is an integral part of this process. Planning also can be used to build team commitment and obtain collaboration; thus:

- Plan mutually with team members whose commitment is critical to success.
- Make performance expectations clear.
- Create a win/win situation for everyone who is critical to success.
- Provide and solicit feedback on progress to maintain commitment and keep plans on track.

Lastly, plans should be goal-oriented rather than activity-oriented, and these should not be confused. Working harder is vital to new venture success, but it must also be accompanied by working smarter. Chart I summarizes these pitfalls to effective planning, their causes and cures.

CHART 1
PLANNING: ITS DISEASES, SYMPTOMS AND CURES

Planning Disease	Symptoms	Cures
1) No Real Goals	• Goals are vague, general • Goals are not specific, measurable, or time-phased • No sub-goals or action steps • Lack of priorities on tasks, action steps • Activity-oriented, not goal-oriented	• Set specific, time-phased, measurable goals, sub-goals and action steps • Keep the overall aim in mind • Be opportunistic in pursuing goals
2) Failure to Anticipate Obstacles	• Excessive optimism • No alternative strategies • No control recognized • "Don't worry, I had thought of that" • Missed meeting, delivery date • Missed lead-time forecasts • Didn't get support when needed • Crises prevail	• Be flexible in planning and anticipating as far as possible obstacles and how to overcome them • Face unanticipated obstacles with confidence-there'll always be some • Ask someone else to brainstorm with you "what could go wrong or get in our way?" • Realism is key

Chart 1

PLANNING: ITS DISEASES, SYMPTOMS AND CURES--(Continued)

Planning Disease	Symptoms	Cures
3) Lack of Milestones and Progress Reviews	• "It can wait," "I can remember that" • "I'll know how we're doing when we get there-let's play it by ear" • Don't really know how you are doing • Short-term orientation • Can't recall when we last reviewed how we are doing • No recent revisions of plan	• Set specific task milestones and progress review dates; stick to them and revise when needed • Ask each day "what did I accomplish today toward reaching my goal?" • Ask each day "what have I learned that will help me to make more rapid progress?"
4) Lack of Commitment	• "I told you it wouldn't work-it wasn't my plan!" • Procrastination • Focus on routine, daily activities • Fail to meet goals, milestones • Doesn't develop specific action steps to meet goal	• Set goals mutually; involve in joint review, negotiation, compromise and data sharing • Meet periodically and track progress • Encourage informal discussion with team members both to test and to renew commitment

Chart 1

PLANNING: ITS DISEASES, SYMPTOMS AND CURES--(Continued)

	• Lack of priorities • Missed meetings, appointments	• Keep team members informed as to results when they happen • Recognize and reward performance which meets your high standards
5) Failure to Revise Goals	• Plan never changes • Inflexible or stubborn in face of feedback dictating change • Goals not met or exceeded greatly • Unresponsive to changing situation • Help not sought when needed • Wasted time on unproductive tasks or activities • Activities don't match goal priorities	• Meet periodically to review goals and progress and to assess the situation • Change emphasis and approach as is appropriate • Create a climate that is tolerant of bad news and invites constructive critiques and feedback

Chart 1

PLANNING: ITS DISEASES, SYMPTOMS AND CURES--(Continued)

6) Failure to Learn from Experience	• Lost sight of goals • Mistake is repeated • Feedback is ignored or denied • Same routine--same crises as previously • Unwillingness to change way of doing things • Not asking: What do we learn from this experience?	• Set improvement and learning objectives • Use milestones and reassess periodically • Collaborate more frequently in tracking progress and learning • Document at end of one project/plan lessons, bench marks, guide lines that have emerged. What was learned? • Be adaptive, flexible and responsive to unfolding events. A new venture start-up is full of surprises • Concentrate on producing results, not reports for their own sake

Adapted from: Goal-Setting and the Entrepreneur, Jeffry A. Timmons, Journal of Small Business Management, April, 1978.

PLANNING AND GOAL SETTING

It appears that change is an inevitable part of life. In personal as well as business situations, the one thing we can be sure of is that change will occur. If we do not plan to meet these changes, we will tend to become controlled by events. Planning will help us to control the events of our lives.

1. How do the tips on making the least of planning relate to inner control?
2. What aspects of good human relations are involved in planning?
3. List at least three ways that the importance of flexibility is stressed in this article.
4. What are some problems created by setting objectives too high or too low? How might it be difficult to set objectives at a realistic level?
5. From the discussion in the article, compile a list of seven guidelines on how to make the most of planning.
6. How does good planning affect the types of decisions which need to be made?

HOW TO MAKE THE LEAST OF PLANNING

Planning can give your company a big edge.

With it you can control your future to some extent, prepare for events likely to occur, and make the best possible responses to opportunities and problems.

Without it, your only alternative is to react to events. To do so is to let your competitors determine your future.

But valuable as it is, planning never has been easy, and it's perhaps less easy today than ever before. Plans are based on forecasts, and forecasting these days is frustrating due to rampant and rapid change in technology, markets, political alignments, society's concepts and expectations--and competitive developments.

Planning can be intricate and difficult. Because it is, and because it can force changes in methods of thinking and operating, many executives shy from it.

If you do not want planning to interfere with the way you have always done things at your company, if you detest making decisions now about things that will not happen for months or years, if the effort of looking into the future and constructing a plan based on uncertain data bugs you, these are some guaranteed ways to ensure that planning does not affect your life:

1. Insist that firm corporate objectives be decided upon before any planning is done.

This puts planning in a suitably rigid framework that should prevent its being of much use. You can stick doggedly to these objectives regardless of what happens with the passing of time.

2. Strive to have objectives set unreasonably high or low.

High objectives make the boss happy, but they don't require excessive work since everybody knows they can not be reached. Low objectives make everybody look good, since they are easy to better.

Low objectives can be self-fulfilling. Several years ago, the cargo division of an airline estimated that the market would justify a 35 per cent expansion in capacity. Top management did not concur, and capacity was expanded only 5 per cent.

As it happened, the business offered was in the neighborhood of 35 per cent. But with a limited capacity available, the actual increase was confined to the 5 per cent--just what top management had predicted.

3. Insist on preparing a plan that covers all the company's activities at the very beginning.

Don't let anybody sell the idea of starting planning in a smaller area of the company and then expanding as the company learns how to plan and develops proven successes.

4. Don't bother to coordinate planning segments. Never try to get everybody working on the same volume and location targets.

In a consumer hard goods company, marketing executives optimistically built up goals from the expectations of sales representatives and sales managers. The forecast was for a 20 per cent sales increase.

At the same time, production officials concluded that the year would not be so good and planned for a 10 per cent production decrease.

The company was well into the plan year before the discrepancy was discovered. The production officials of course, had the advantage of their self-fulfilling forecast. You can't sell what you don't have.

5. Insist that long-range plans must come first.

Never acknowledge that it might be easier for many executives to start by planning for a year ahead, which they can see fairly clearly, and then expand planning to longer periods.

6. Once you fix on a plan, stick to it no matter what.

One company planned on using profits from its operation in one Latin American country to finance opening a plant in another. However, before the funds were transferred, the country where the profits were devalued its currency.

This meant the company either had to get the funds elsewhere or abandon the new project. But, as often happens, the problem was not faced. A manager came down to build, organize and run the new plant in the new country--with no funds available. By the time somebody noticed and appropriate changes were made to provide the money, four months had been wasted.

Another company invested both in Holland and in India in the same year, with planned growth and development programs in each country.

Competition proved rough in Holland, but the product was very successful in India. Instead of changing its plans to exploit the unexpected success in India, the company went blindly ahead as originally planned. As a result, it made less money in India than it could and what little it did gain in India, it lost in Holland.

7. Don't bother to check performance at regular intervals with all the executives involved.

A consumer service company checked its progress against an original plan each quarter and found that total sales were going along fine--according to plan. But, because its reviews did not extend to regions, it took a year to discover that sales were running well above plan in the Middle Atlantic states--and well below on the West Coast.

On the Coast, the company's major competitor was making a determined marketing effort. The West Coast manager fought a brilliant rear-guard action, but was not supported by headquarters. Result: The competitor took 10 per cent of the firm's West Coast sales.

In the Middle Atlantic states, an opportunity to exploit an unexpected, high consumer acceptance--and to make life miserable for the same competitor--was lost. The competitor was given time to revise the product line and to put in added sales, advertising and promotion efforts to recapture its market share.

If you, too, are an executive who shies from planning, just follow these guidelines. Planning at your company will be a disaster. It will be thoroughly discredited and never again disturb the even tenure of your ways.

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PLANNING AND GOAL SETTING

Most of us find ourselves pressed for time, particularly in the business world. But we can make the best use of the time we have by planning. Many people feel they do not have time to plan, but as this article points out, the time taken pays for itself in the long run. Instruction is given for simple, practical planning and record keeping.

1. How can the time management techniques described help you increase your inner control?
2. How is the time management approach related to goal setting?
3. What suggestions in this article relate to human relations?
4. How can the inability to manage time effectively hurt a business?
5. What techniques are suggested for planning and managing time effectively?
6. Choose one time-management technique suggested in this article and try it for one week. How did it affect your management of time?

HOW TO FIND ENOUGH TIME

Pressed for time? Who isn't, in the business world?

You're caught in the executive's time squeeze. How do you ease the pressure, without letting important things slide or fall apart?

Others, including many top corporate figures, successfully use tools that you, too, can employ.

The key to time mastery is no mystery. It's planning. Yet a manager will say sincerely: "I just haven't time to plan. I come in, the phone rings, things happen. The day's shot before I know it."

If so, perhaps it's because something that's a must for systematic planning is missing--a foundation.

A record book, believe it or not, is about the most universally useful tool for building that foundation. Such a notebook can and should be a simple one--if it has certain key features.

The name of the game is convenience. The book will be a tool for you to use personally. Nobody can do your personal planning for you, so it should be at your fingertips anytime you need it. Pocket size is convenient for managers who are frequently out of the office; a larger size is fine for desk use. Some people, including myself, employ both in combination.

ALL IN ONE

Make the book multipurpose, to serve you best. Unify all daily functions and records, even expenses, in a roomy one- or two-page spread for each day of the year. And keep supplementary materials--address/phone list, credit cards, calendar and such--in the same memo and planning book.

That's where many managers miss out. Their records are scattered, difficult to find and use.

Orderly arrangement--a functionalized format--is crucial. You can buy a blank notebook and lay in a format, or buy one ready-printed for personal executive use.

I use a ready-made one. My pocket edition includes 12 separate booklets, one for each month, and a wallet to carry the current monthly booklet and supplementary materials. The desk version is a single loose-leaf volume.

The format comprises a two-page spread for each day, divided into separate sections for appointments and things to do at a certain hour; other things to do that day; expenses; and a page for diary notes of services performed. On this page you can record when you undertook any action and the length of time you gave it, by virtue of a time-scale down the side of the page.

Such a unified personal planning aid gives you virtually a portable office.

A daily expense section lets the manager make on-the-spot records of travel, entertainment and other out-of-pocket costs easily mislaid or forgotten. I even put credit card charge receipts in my traveling notebook. Back at the office they're stapled to the desk book pages for the days on which each expenditure occurred. It takes just seconds and the record is permanent. On the sole occasion I was audited by the Internal Revenue Service, my accountant merely showed the federal agent the record books.

Henry A. Barnes, late New York City traffic commissioner, kept a daily record book. As reported by one national magazine, Mr. Barnes was accused of being improperly influenced by a traffic meter manufacturer. The supposed evidence was a photostat of a bill showing the manufacturer had paid for a Beverly Hills hotel room for a Henry Barnes--nearly two years previously.

Mr. Barnes coolly produced a business diary showing he'd been in Baltimore that day and had dined at a friend's home. Apologies. Wrong Barnes. Case closed.

Compact calendar pages for coming months permit you, no matter where you are, to confirm an appointment for a week, a month, or even several months ahead. No wheel-spinning in checking later.

Such pages, and a slim phone/address book, should be standard components of your portable office. The containing wallet can also house ready-reference data. I've known the latter to include a table of wine vintage years, family clothing sizes, machine tool tolerances, weight-watcher's data, subordinates' vacation times, and stocks' price/earnings ratio tables.

SECRETS OF SCHEDULING

Clever scheduling frees far more time than it absorbs. Executives have found that every hour spent planning saves three to four in execution. With a planner book, you can write your schedule down. One marketing manager I know estimates she saves more than 100 hours yearly just by keeping weekly schedules in front of her.

Ace managers advise: Schedule similar tasks together. In tackling kindred jobs one after another, most people hit a pace that knocks off chores in amazingly short order.

Dictating letters all in one session is one example. Here's a tip from a steel company vice president: He reads all mail in one sitting, and acts on each letter immediately. No to-be-answered file. He almost never has to reread and collect his thoughts all over again.

Phone calls can be clustered for hours in which you're most likely to get your parties. Patterns vary by city and profession. What are the best telephoning times in your situation? It could pay to take 10 minutes and think it out.

Incoming phone calls can similarly be handled at your convenience. A secretary can take all calls, jot down the name of each caller and, when tactful, the subject, and hand you the log for action. Are gobs of your time sponged up by talks in your office? Conferring by phone can eliminate many visits.

As to the rest, scheduling can be very helpful indeed. Witness the way President Eisenhower handled it.

Ike "organizes his time so that he has as many appointments as possible in the morning, thereby leaving an uninterrupted afternoon," disclosed his press secretary. "The President makes every minute count."

You can minimize time spent with each visitor--and maximize results--if you estimate the time each visit should take, and schedule one visit to terminate another. Diplomatically, let each person know the time the next visitor is due. It's a tactful way to set a deadline.

Almost invariably, your guest will get just as much ground covered with fewer words. You will, too. Time is saved for both. Communications experts assert that nearly any subject, on any scale of importance, can be thoroughly covered in a one-hour maximum. So set tight talk-time limits. You may be pleasantly surprised.

Your plan should make allowance for the hours of the day when you work at your best. Many people work best in late morning, decline in efficiency after lunch, pick up again for a final spurt from three p.m. to four, and then taper off.

Such patterns, perhaps, are formed in early childhood. By the time you become an adult, they are strongly set. Don't fight them. When you plan your day's activities, consider your personal cycle. Schedule your most important activities for the hours when you're at your peak.

And here's a tip from the chief of one of the nation's leading fishing firms: Start the day with requests for action by others. Then their services will be under way while you tackle other things.

Many things needn't be done at a certain appointed hour--but they surely need doing. For such tasks the canny time-master uses a to-be-done-today notebook heading and applies the golden rule of managing: Decide what's really most important, list work in that order,

start at the top of the list, and--short of dire emergency--stick with each task until it's finished.

Simple, yes. But it takes mental discipline and firmly built habit, and you'd be surprised how many executives just can't handle it.

In one case, a prestigious public relations agency was nearly torpedoed by absence of this ability.

The firm was losing accounts but didn't know why. In confidential interviews, its clients repeatedly told me the same story. The outfit's work was top-drawer, but always late. When publicity campaigns are breaking, you can't be late, even sometimes.

The trail led to the agency's principal. Always superbusy but always disorganized, he just couldn't handle time. He missed deadlines. Subordinates (in part unconsciously) took their cue from him and low-rated deadlines, too. In addition, his delays impeded their deadlines.

His problem was rooted in personality traits. Faced with business collapse, he fought back. For him, it was tough. He began to use a time-planner book for self-reminders of every deadline, flagged two weeks ahead of schedule. He slated a once-a-week personal contact with every client. He stuck with it. He saved his business.

To whip time, you have to really want to do it.

PLUGGING OTHER LEAKS

To help spot time leaks, keep notes in your daybook occasionally to show where your time goes. Reading and writing reports, for example, is a common clock-killer. Both can be streamlined by an improved report-writing method. (You might want your report-writing subordinates to try this, too.)

Don't wrestle to start your first draft with the "main idea". Relax. Dictate or write things as they come to mind. Then, after

your draft is typed, choose the leading idea (often, it turns out to be near the beginning after all). Organize, be sure to condense, and lastly write a brief foreword outline for those readers who will need only the gist of the report.

Some years ago, the president of a large company said "verbal incompetence" probably costs corporations more than thefts and embezzlements. Terse report-writing can save much costly management time.

There's a wealth of other ways to help master the time squeeze. A book on fast-reading techniques, for example, can save you almost unnumbered hours.

But don't forget: In a Research Institute of America survey, managers were asked: "What is your biggest time-saver on the job?"

The single most important factor, they answered is "planning."

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REALITY PERCEPTION

We should always be on the alert to check out that our perceptions of things and events reflect what is really happening. There is often more to a situation than meets the eye. In perceiving situations, we often make unconscious assumptions which distort our vision of reality.

This article discusses a very important concept in business--the bottom line of profit or loss. A naive approach to this concept, however, will only help us to see what has happened, rather than suggesting means of dealing with underlying problems. We must go beyond the bottom line if we are to uncover faulty assumptions that we may have made.

1. How can the bottom line be misleading?
2. How can looking only at the bottom line hide weaknesses?
3. What is meant by counterbalancing? How is it used?
4. How might counterbalancing affect decision making?
5. What cautions are given with regard to a strictly results-oriented approach?
6. What effect might a "bottom line-only approach have on inner control?

SHEDDING MORE LIGHT ON YOUR FIRM'S FUTURE

"I go right for the bottom line," say executives who like to think of themselves as managerial tigers.

It's fashionable to regard the bottom line as the be-all and end-all of executive effort. One result is that a practice with some validity is distorted and made misleading.

Results-oriented management is a perfectly viable concept.

THREE FALLACIES

Businesses--small, medium, and large--may stand or fall on the basis of a bottom-line figure. Usually, the bottom line means net profit or loss. By extension, it can denote final results of any kind--the number of units made or sold, costs cut, or payrolls trimmed.

But in any instance, the final figure--standing alone--does not tell the whole story.

There are three fallacies behind the assumption that it does.

1. Hidden weak spots. A final net figure reveals a good deal. However, what it hides may be at least as important.

For example, take Pete Taylor.

He is sales manager for an industrial equipment trade journal. Each monthly issue consists of about 100 pages of advertising held together by about 20 pages of editorial matter.

Mr. Taylor directs the sales force that sells the advertising. This kind of selling is highly competitive. To do it successfully takes good salespeople.

To trim costs, Mr. Taylor gives each newly hired salesperson one week's training plus about a week's selling in the field with a sales veteran. Then the newly hired are cut loose to sell on their own.

To measure his department's performance, Mr. Taylor looks each month at the total number of pages sold. Since he's in the black and the number of pages sold is higher than last year's total, he feels he's doing O.K.

But Mr. Taylor is kidding himself. In fact, he's doing quite badly. For one thing, total advertising revenue is modest, at best. For another, his competition, the advertising manager at a rival publication, runs his shop at a much better profit level.

Mr. Taylor is also ignoring another fact. His sales force is suffering badly from a heavy turnover. Many of his salespeople fail and quit, partly because of inadequate training or poor recruiting.

Yet, Mr. Taylor is lulled into false optimism by looking at sales figures alone. He ignores the direct and indirect losses that result from a sales operation that is merely limping along.

The hidden weak spots in Mr. Taylor's bottom line extend to his entire sales operation. In other cases, the unseen danger points may be limited to a specific business area.

Take a company where the overflow figures may seem quite favorable. If some departments are unprofitable-as a result of excessive overtime, high reject rates, excessive downtime, and so on--a bottom line in the black is no cause for cheers.

Weak performance somewhere is being disguised for the present. It may erupt later.

2. Misleading conclusions. In some cases, final figures may suggest a false conclusion. Here's an example:

Jan Roote and Helen Kinsella are production managers in charge of two different departments. A semi-annual report shows Ms. Roote's operation is a healthy 20 percent above her quota, but the other operation is several percentage points below Ms. Kinsella's quota.

As a measure of performance, the bottom line seems to tell a clear story. Ms. Roote is on the ball, but Ms. Kinsella is a marginal manager. However, there are other possibilities. Among them:

- Uneven goal-setting.

The executive who set the production targets for the two departments may have given Ms. Roote goals easy to achieve. At the same time, he may have set Ms. Kinsella's at an extremely demanding level.

- Unequal problems.

Even if both goals were set properly, the breaks may have favored Ms. Roote, while bad luck hurt Ms. Kinsella. For instance, Ms. Roote may have had long-production-run jobs, familiar to employees and produced fairly easily.

On the other hand, Ms. Kinsella, perhaps because of poor planning by production control, could have had just the opposite experience. She may have been stuck with a lot of short-run items, requiring much changeover, major rearrangements of equipment, and other related problems.

Ms. Roote may have been able to make his favorable showing while figuratively sitting on her hands. With the breaks against her, Ms. Kinsella may have used great initiative and ingenuity to make even as good a showing as she did.

The bottom line doesn't say this.

3. <u>The possibility of long-range losses</u>. It's no secret that a bottom line--whether we're talking about money, units produced, or any other final result--can be made to look good by stacking the cards. This is one example:

A sales manager pulls every string to make a quarterly sales figure look good. All kinds of concessions are made on price or

delivery dates to land orders. The representatives in the field are told to bring in all their regular business early by cajoling or wheedling good customers.

The result is an outstanding sales total for the period.

But the sales manager has depleted potential sales for the next quarter. The results will finally reflect this borrowing from the future.

AVOIDING THE TRAP

As veteran executives know, a bottom line has no predictive value. At best, it tells you what has happened.

It sheds no light on the future.

What's needed is a counterbalancing concept--a practice that might be called bottom-line analysis.

To do it, you go back up the columns, searching for operating realities. You become as interested in learning how the bottome line was achieved as in the figure itself.

Questions like these can make the bottom line take on more meaning:

- Any surprises in the contributing figures? Are they better than expected--or worse? If so, why?
- Zero in on strong points--weak points. Which factors or items helped build favorable subtotals? Which factors pulled them down?
- How can strengths be extended and weaknesses modified?

There's nothing wrong with being results-oriented. It's only those who think a total figure tells all who don't know what the results really represent. It is they who face the possibility of future disappointment and failure.

When you do know what the bottom line really stands for, you're on solid ground.

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REALITY PERCEPTION

Reality perception is important for entrepreneurs who must be able to size up people and situations. Positive and negative attitudes often affect the ways people see things, as discussed in this article. It can be difficult to separate your perceptions from your attitudes, because your attitudes tend to color the way you see things. In order to take appropriate actions for their businesses, entrepreneurs need to be realistic--without being either rosey-eyed or jaundiced.

1. How are perceptions different from attitudes?
2. What are three different kinds of perceptions? How do they affect behavior?
3. How are rosey-eyed and jaundiced perceptions handicapping?
4. What is meant by blindness and partial blindness?
5. What suggestions are made for developing realistic perception?
6. What is the fallacy of the rosey-eyed argument against a positive attitude?

ROSEY-EYED RED HERRING

We all know that the top professional and business leaders are people who have a progressive, positive outlook. And if you ask people whether they would rather be thought of as negative or positive, they invariably answer "positive." People charged with being negative usually defend themselves mightily.

Yet, if any part of your job involves working with other people toward common goals, and especially if you are responsible for motivating others, you know how hard it is for many people to develop and keep a positive mental attitude (PMA). It can be frustrating indeed to try to motivate someone who won't motivate. Although sales managers probably face this task most often, nearly everyone does so from time to time. Occasionally you may even have to motivate (or remotivate) yourself.

If you point out that negativism leads to stagnation and decline, while a positive attitude tends to foster progress, you will seldom get any direct argument. No one argues directly for negativism because no one even wants to be associated with it, let alone be an evangelist for it. But there is an indirect argument for negativism, one that masquerades as a plea for realism. It runs like this:

"Okay, I admit that being negative is bad, but you can't be rosey-eyed either. You've got to be realistic."

It is an appealing argument, squaring so well with common experience that few people see anything wrong with it. And those who do sense something wrong can't quite explain what it is.

How do you sell PMA to someone who trots out this argument, clinging to realism like a security blanket? Certainly it is ridiculous to argue against being realistic. You will only lose the argument (and your credibility) if you do.

It is crucial to recognize that the argument depends on distraction and verbal shifts, and is hence invalid. Realism and positivity are not mutually exclusive, but complementary. Realism has to do with perception; positivity with attitude. People's views are realistic if they square with the facts, and their attitudes are positive if they have faith in progress. Choosing between the two traits is not only undesirable but unnecessary, like choosing between food and water. So the whole argument is really a red-herring. We can see this better if we compare the terms of the argument with those in this table:

PERCEPTION	ATTITUDE
Rosey-eyed (failing to take account of perils)	Positive (putting faith in progress)
Realistic (seeing things as they are)	Negative (putting faith in decline)
Jaundiced (seeing only the bad)	

It takes two terms to describe any individual's approach to life. A person may be positive/realistic, positive/rosey-eyed, negative/realistic, or negative/jaundiced. (Negative/rosey-eyed and positive/jaundiced would be rare.)

Let's observe some of the possibilities at work in the lives of Smith and Jones. (Assume, for the sake of argument, that they are both realistic.) Smith has just outlined a new project, including a set

of quotas, to his business team. He concludes: "If we approach this task positively, I'm sure we can succeed." Afterwards Jones, a key man, comes up to him and cops the plea for realism: "Sure, I agree we shouldn't be negative about this new plan. But I like to face facts. We can't go around with our heads in the clouds. The plan won't work, and besides, the quotas are set too high."

The real problem here is that Jones has a negative attitude. He is a realist, but a negative realist. He distracts Smith from his negativism by flaunting his realism ("I like to face facts"), and then implies that Smith is not realistic ("heads in the clouds"). He thus ends by questioning Smith's perception (softening the accusation somewhat by saying "we"). But all Smith is asking him to do is to have a positive attitude, and to put his faith in success rather than in failure. This Jones doesn't want to do, so he brings out the argument for realism as a shield against criticism that he is dragging his feet.

The argument depends on using a term that refers to distorted perception (or blocked perception), such as "rosey-eyed," or "head-in-the-clouds" to replace "positive" which refers to attitude. That such a shift often goes unchallenged depends in turn upon the sad fact that many who wave the banner of PMA don't perceive things realistically. They disgrace PMA because they themselves equate PMA with rosey-eyed perception. When such people tumble because they have failed to take account of perils, the undiscriminating onlooker sees this as evidence of PMA being discredited: "Dexter had PMA, and look what happened. None of that for me. I'm going to be realistic." Even people who are positive/ realistic (like Smith) are unclear about the difference, and allow themselves to be cowed into feeling guilty by association with their positive/rosey-eyed brethren.

There is a classic definition of optimism and pessimism that might make even clearer what is wrong with such reasoning: "If a glass has water to the half-way mark, an optimist says it is 'half-full'; a pessimist, 'half-empty'." This a good definition, because it isolates the

attitude difference between the two. The terms they use ("half-full" and "half-empty") indicate that their perceptions are both the same, and both correct. The optimist is positive/realistic, and the pessimist is negative/realistic, and the pessimist is negative/realistic. Only if the optimist were to say the glass is mostly full and the pessimist that it is mostly empty, would we say that then perceptions are warped. The "optimist" would then be positive/rosey-eyed, and the "pessimist" negative/jaundiced.

You might improve your own approach to life (or help others to do so) by first taking stock and then making necessary changes.

The first step, taking stock of yourself, isn't always easy, especially if you do in fact have a perceptual problem. You may see yourself as positive, but do others agree? You may need to seek some objective help on this step. Or if you don't want to do that, here's another idea. In the marriage seminars conducted by the company I am associated with, we find that studying well-known cartoon or TV characters can help people see their own tendencies more clearly. Keeping in mind that fictional types are less changeable and complex than you are, compare yourself with these characters:

1. Positive/rosey-eyed:
   McGoo
   Ted Baxter of "The Mary Tyler Moore Show"
2. Positive/realistic
   Ann Romano of "One Day at Time"
   Dr. Welby
   Mary Richards
   Ironside
3. Negative/realistic:
   Lucy of "Peanuts"
4. Negative/jaundiced:
   Archie Bunker of "All in the Family"

Nearsighted McGoo is rescued from unseen perils by phenomenal luck, something we in the real world can't always count on. Ted Baxter's delusions of grandeur make him a perpetual laughing stock, though he usually escapes hurt via "ignorance is bliss." Both are very positive individuals, but not the kind you would want to emulate. They lack the important quality of realism.

Ann Romano, Dr. Welby, Mary Richards and Ironside are paragons. You may not personally identify with them, but you would have to admit that they are positive/realistic, and very effective. There are, fortunately, many others like them in the movies and on TV. We are not short of good models.

Except for her relationship with Schroeder, Lucy is realistic, but her attitude is bad. She is an effective person in her way (most negative/realistic people are), but I feel she has the potential for greatness, if she would only commit herself fully to progress. Realism for her, as for many, is a pin she uses to burst the bubbles of others, secure in the knowledge that she has none to be burst. (Even her enduring crush on Schroeder is not an exception to this. Her hope that she will one day prevail with him seems less like a bubble than a bowling ball).

Archie Bunker is a classic negative/jaundiced type. Things are bad now, but they'll be worse tomorrow. If not, he'll always think they shoulda been.

If you see any of yourself in McGoo, Baxter, Lucy or Bunker, you have a problem in attitude or perception, or both. Let's discuss attitude first.

The only attitude problem is negativity. If that is your problem, I would suggest that you purchase and read several of the many good books on positive thinking, and follow their advice. Unless you also have the problem of jaundiced perception, improvement should be rapid, and will bring rich rewards, both personal and financial.

Now about perception. A person whose perception is warped or distorted, in either direction, is severely handicapped. It's hard to see clearly through colored glasses whether they are rose-colored (the rosey-eyed view) or yellowish (the jaundiced view). And distortion or coloring is not the only perceptual problem. Blindness is another. We think of blindness as more crippling than distortion, but people who are completely blind see things neither as better nor worse than they are. They don't see them at all, so they can't help but be aware of their problem, and may thus find ways to cope, other ways to perceive. In fact, blind people sometimes compensate for their loss in ways that may even make possible for them a more rewarding life, overall, than they would otherwise have had.

Next to distorted vision the most pernicious type of perceptual problem is not blindness but partial blindness: blind spots, or selective perception. Everyone knows people who see clearly except for something they either won't or can't, face squarely. In fact, I am sure everyone has such a problem to some extent, though for some, it may amount to nothing more than a habit of tilting one's best aspect toward the mirror. Treating partial blindness, serious or mild, is not easy, because we ourselves may be unaware of the problem. Often outside help is needed.

Related to partial blindness is tunnel vision, or more generally, provincialism. The effect may be the same as in partial blindness, but the cure is easier: get out of your rut, get around, look on the other side of the tracks. Get out and see the world. If you are an executive, get out in the field; if you're a branch manager, get a feel for home-office problems.

The people best equipped for life have both a Positive Mental Attitide and Realistic Perception--PMA + RP. They see things as they are (RP), and have faith that they can and will improve (PMA). Such a combination may be rare, and difficult to maintain, but it is a sure

formula for success. It can never be achieved, however, by anyone who sees the combination as being impossible, and therein lies the tragic potential of the classic red-herring argument against PMA.

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REALITY PERCEPTION

Many problems in business and in everyday life are caused by failure to see situations as they really are. We often view situations and people the way we want them to be, or we try to make them that way. This article offers some suggestions for preventing problems by using reality perception especially as it applies to human relations.

1. What are four preventable problems?
2. What is the meaning of "thinking into people"?
3. How can "getting inside another person's skin" help improve reality perception?
4. What is meant by the term environmental problems?
5. How does a "sensing ability" compare to reality perception?
6. How does this article relate reality perception to human relations and inner control?

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REALITY PERCEPTION

Many problems in business and in everyday life are caused by failure to see situations as they really are. We often view situations and people the way we want them to be, or we try to make them that way. This article offers some suggestions for preventing problems by using reality perception especially as it applies to human relations.

1. What are four preventable problems?
2. What is the meaning of "thinking into people"?
3. How can "getting inside another person's skin" help improve reality perception?
4. What is meant by the term environmental problems?
5. How does a "sensing ability" compare to reality perception?
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DON'T SOLVE PROBLEMS--PREVENT THEM

The absence of tension in an organization, as in a human being is not a sign of happiness; it is a sign of death.

A certain amount of friction and tension is to be expected in any dynamic company. In excess, however, they can make it impossible for management to function smoothly. Hence, shrewd managers seek to prevent problems rather than spend all their time solving them.

Some preventable problems:

- Wearing blinders. It is natural for engineers, controllers, manufacturers, marketing directors or systems analysts to think and act in terms of their own expertise. They will tend to see problems as being related to their area of specialization.
- Betrayed by bias. First impressions tend not only to be erroneous, they tend to be lasting; we tend to see what we look for. Managers who are not on guard against this will wrestle with more than their fair share of other people-related problems.
- Refusal to accept a subordinate role. The job of subordinates at any level, is simply this: To help their immediate superiors and the organization come up with the highest possible batting average, while fostering their own progress.
- Political ineptness. Despite the amount of trashy nonsense that has been written about organization politics, the fact remains that in any company there is bound to be a certain amount of office politics. Individual differences, diverse values and convictions, varied levels of aspiration and ambitions, human likes and dislikes make this sort of thing inevitable.

Some managers create problems simply because they do not know how to handle political situations. Some, to their regret, play the game to the hilt in an unethical manner for wholly selfish purposes. Others seek naively to stand above it all only to be wounded by the shrapnel.

PEOPLE PROBLEMS

For the executive wondering how best to handle problems related to people, here are some ideas:

1. Think into people. When asked the secret of his great discoveries, Sir Isaac Newton replied, "I keep thinking into them." Any person or group, at the risk of oversimplification, can be studied under the following categories.

Likes and dislikes

Intellectual, social and emotional blind spots.

Biases, quirks and eccentricities.

Sensitivities and sensibilities.

2. Deal with people as you find them. Every person is a born reformer. None of us is actually satisfied with the way people are. The unhappy fact is, however, that people aren't going to change overnight because anyone else wants them to.

Where inept managers cause many of their own problems by dealing with their fellow workers as they would have them be, more prudent managers take individual differences and human uniqueness for granted.

3. Adopt other people's frame of reference. This is more like "getting inside their skin" than merely "putting yourself in their shoes." "You" and "I" relationships can be changed into "We" and "Our" only if managers are willing to strive deliberately to see a problem, idea or situation through the eye of the other person.

4. Anticipate reactions. Managers who are concerned about forestalling problems, rather than merely solving them, are less interested in the chain of command than in the chain of cooperation.

Accordingly, they seek to "package" what they have to offer in terms meaningful not to themselves, but to superiors, equals and subordinates. They endeavor to anticipate favorable and unfavorable reactions so as to maximize the former and minimize the latter.

5. Make them look good. There are three things people would rather give than receive--kicks, bills and advice. Problem-preventing managers seek the advice and constructive criticism of their equals. They try to share credit and praise with their peers. They try to make their jobs a bit easier. They try to make them look a bit better.

ENVIRONMENTAL PROBLEMS

How do managers handle problems related to their environment? Here are ideas on that, too:

1. Analyze the system. Organizations are like rugs. The threads may be the same, but the patterns and weave are different.

Managers should compare the formal organization against the informal, to discover not only the decision-making process but also who makes what decisions and under what conditions.

They may study the human interaction networks to discover the empire builders, the cliques, the special friends, the isolated.

2. Learn how to work within the system. Organization charts, policy manuals, job descriptions and manuals of procedures and rules, necessary though they are, have about as much relationship to the rhythms of an active company as a set of blueprints has to the subtleties of a home.

To avoid environmental problems managers must cue in on the unwritten rules of conduct, the sacred cows and not-to-be-broken precedents of the organization. They must familiarize themselves with the accepted way of doing things.

3. Develop a "sensing ability." More often than not, people who are stuck in dead-end jobs have nobody to blame but themselves. Managers have no right to expect superiors to tell them in detail what to do. They have to develop a sensing ability which will tell what is appropriate behavior, what bosses really want--at times in spite of what they say.

4. Paddle your own canoe. No firm can tolerate the manager who is outlandishly individualistic; none really wants one who is subserviently dependent. Yet there are two errors that some managers make.

Some carve their way ahead over the bodies of competitors, causing themselves problems rather than preventing them.

Others supinely expect the company to care for their careers and futures.

Astute managers cultivate healthy interdependence. They know their personal objectives. They learn as soon as possible how the organization's goals affect them, together with its plans for them.

If all strategies fail, or all options open within the corporation prove of no avail, then it may be well to use the ultimate option of "voting with their feet."

Adapted from: "Don't Solve Problems--Prevent Them" by James J. Cribbin. Reprinted by permission from NATION'S BUSINESS, October, 1971. Copyright © 1971 by NATION'S BUSINESS, Chamber of Commerce of the United States.

RISK TAKING

This article illustrates the important element of risk taking in all decision-making situations. We can never be completely certain of the outcome of decisions, but we should not allow this to deter us. A proper attitude towards risk-taking will ensure that we can learn and grow by evaluating the results of any act we perform.

1. How does the author suggest that fear of making mistakes is harmful?
2. What does the author consider the right attitude toward making mistakes? Do you agree? Why or why not?
3. What is your attitude toward making mistakes? How does your attitude compare with the authors?
4. Reconsider a mistake you have made. Can you view the mistake as a lesson, or a stepping stone forward?
5. What have you gained from your mistakes? What have you lost?

NATURALLY YOU MAKE MISTAKES

Show me someone who never makes a mistake, who never ventures anything, who always plays it safe, who's satisfied with doing only the accepted things... and I'll show you a human vegetable.

In my opinion, one of the greatest tragedies of our modern society is the average person's fear of making a mistake. The conformists and the pseudo-intellectuals would have us believe that "mistake" is synonymous with breaking the law; something to be ashamed of. And that, believe me, is the only real mistake. Because when we accept such a ridiculous definition we also assume the feeling of guilt that goes with it.

There's nothing wrong or bad in making a mistake through lack of knowledge, lack of experience, or lack of considered judgment. These are just steps in everybody's normal learning process. If we outlaw human error, we must also reject progress.

If you allow the false fear of making a mistake to affect your work, it will stifle your initiative, your creativity, and your ability to think. The result is increasing timidity and hesitance. Because of false fear, you develop an unhealthy attitude. Because you've been told you must not make a mistake, you don't attempt anything new...you refuse to learn...and you seek the seclusion of phony security.

When this happens, you become exactly like the critics who are so anxious to pass judgment on anyone who is ambitious. They are all afraid of making a mistake, and they want to share the same fear.

The truth is that mistakes are human, natural, and many times unavoidable. Mistakes in themselves aren't important...but your attitude toward making them can either strengthen or destroy you.

If you hold the wrong idea about mistakes, I suggest you revise your concept. You'll notice a tremendous improvement in both your business and personal life.

(1) Believe in yourself. Believe that you can learn, and gain from any decision regardless of the outcome.

(2) Consider every human error as a lesson...a stepping stone forward. With such a positive attitude, there's only one way to go...UP.

(3) If you misjudge a person's reaction, think of it as an opportunity in adding to your knowledge of people.

(4) You learn by action, not by theory. When you've aimed toward a high personal goal...and you're temporarily thrown off course ...an attitude of positive expectancy will bring your built-in correction mechanism into play and you'll be back on course again.

(5) Remember...with a positive mental attitude you are goal-directed...You're a "goer"... you're a "doer"...you accomplish things.

It's altogether possible that when you adopt this new attitude toward human errors you'll still refer to them as "mistakes." Try substituting labels like "event," "happenings" or "situations" for these occasions. The improvement in your personal attitude and in your work will be immediately obvious.

So dive in today...make all the mistakes you can, or rather...involve yourself in all the events or happenings you can crowd into a working day. Raise your goals higher, and say to yourself, "I'm going to stop worrying about what some people call 'mistakes' ...I'm going to get the job done!!"

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RISK TAKING

Some people think that risk taking means adopting a "don't look before you leap" approach. This approach could be described more accurately as gambling. Effective entrepreneurs are not gamblers but moderate risk takers. "The Do's and Don'ts of Risking" suggests guidelines which help moderate risks.

1. What kind of approach does the author of this article take toward risking? How does it compare with your own?
2. What advice is given with regard to human relations when risking?
3. In what ways are emotions involved in risking? How should they be handled?
4. Which "do's and dont's" are aimed at moderating risks? How do they moderate risks?
5. How do the guidelines here apply to making decisions?
6. Consider two risks you have taken--one which turned out successfully and one which did not. Which guidelines were most important to your success or lack of success?

THE DOS AND DON'TS OF RISKING

Do Have a Goal

A risk taken without a clear purpose is in trouble from the start. It is hard to tell when you have lost and should conserve your resources. It is just as hard to tell when you have won and should consolidate your gains.

Do Know The Loss Involved

If you don't expect the loss, it will catch you by surprise and undermine your efforts. If you don't expect the loss, you don't understand the risk. Don't add confusion to an already complicated situation.

Do Act Decisively

Once you have decided the risk is worthy of you and the time is right, you should act. You've considered the negative, weighed it all before. So focus on the factors you can affect and make them work for you.

Don't Ignore Problems

Problems will not ignore you. You will find each other eventually. Make the meeting be as much on your terms as possible. You'll be in a better position to shape the outcome.

Don't Pretend You're Sure When You're Frightened

Your fear is your guide to safety. Ignoring it is like ignoring a fire alarm. If the fear won't go away, maybe you're still in danger or risking too much.

Don't Be Unrealistic

No one gets rescued by supernatural forces these days. You'll have to save yourself in the tight places. Consider what is the best effort you are capable of making. Don't plan on being able to deliver more than that. Don't plan on reserves you don't already control.

Do Ask Questions

It's your life and you have to know as much as possible. If you are going to take a risk unnecessarily, you are most likely going to do so because you were afraid to ask questions. It's better to appear stupid than to make a big mistake.

Don't Count On Being One Hundred Percent Successful

No one ever is, and you'll only be unnecessarily disappointed. Your self-confidence will drop and you won't have as much energy to invest next time. If you succeed at a modest goal you are better off than failing at a big risk. Bravery counts only when you win. When you lose, bravery is just being foolish.

Don't Misplace Your Emotions

Don't risk out of fear, anger, hurt, guilt or depression. These feelings should be resolved on their own, not through a risky act. Emotional risks should be taken only with emotional issues. If you are angry you should risk expressing the anger, but you should not risk driving a hundred miles an hour because you feel angry with your boss. Don't act out your feelings, in other words. They will mess up your risks.

Do Take Time To Correct Mistakes

Even when the act of risking is under way mistakes can be fixed. A good risk can be made better by compensating for the errors you discover.

Do Be Brave

This takes enormous courage. The reason you feel afraid is not because you are weak, but because you are real. The brave people are those who act in spite of fear, not those who have none. Fools are the only ones who do not fear danger.

Do Know Your Limits

Know when you would never act. Know when you would act without question. Know what you would compromise in terms of safety. If you are looking for a totally safe risk you are only fooling yourself. Know your limits, define the conditions under which you would take a reasonable risk.

Don't Rush

Take enough time to know what you are doing. Prepare beforehand. If possible, practice your risk in private. Go through it in your mind if you can't go through it in fact. Imagine yourself there. What would you do? What would you say? How would you react? Merely setting your mind working in the right direction is often all you need to become familiar with what you fear.

Don't Delay

Commit yourself to the risk before you take it. Don't look into the chasm to see how deep it is. It's the width you must jump and that's most important. It will always seem deeper when you go looking for excuses not to commit. Delaying at the moment of leaping is dangerous. Hesitation is not in the interests of safety, unless something totally unpredicted goes wrong. Then the risk is off till you reassess the situation.

Do Give Other People Credit For Helping You

You'll make allies out of people who want to help you. You need all the friends you can get when you risk, and the best friends are those who have already given. Return the gift with thanks. Friends who feel slighted can do you more damage than enemies.

Do Your Best

Don't just try. Trying is a tentative commitment. It means, "I'll see if I can do it." You intend to do it when you risk. If you don't intend to succeed, you intend to fail.

Don't Argue With Reality

Some mountains you can leap, some you can't. What sounds like great encouragement for the troops may make for memorable last words. Your goal is to succeed and enjoy the results. Try to remember that.

Do Make A Timetable

This doesn't mean you have to follow it if everything goes wrong, but a good schedule can be a strongly persuasive force because it gives direction and reinforces the belief that your plan is working. Anything that aids your ability to predict makes risking easier. So does knowing the next step.

Don't Combine Risks Unnecessarily

Many risks have several outcomes, to begin with. To try to take more than one risk at a time compounds the loss and therefore the anxiety. It undermines your ability to recoup, because a failure at one will take away the confidence you need to succeed at the other.

Do Make A Plan, But Don't Stick To It Fanatically--It May Be Wrong

You are responsible for everything in your life, including changing plans. Just because you make a plan doesn't mean that it's right or that all the factors were properly considered.

Don't Change Horses In Midstream

If your plan is a good one, it should allow you to expect and accept the negative results of your risk without panicking over them, so don't run at the first sign of blood. Risking, like surgery, involves cutting away some good to get rid of a lot of bad.

Don't Risk Just To Prove Yourself

This is hazardous risking. You get away with it a few times if you are lucky and grow up in time. A lot of the time you don't have the chance to grow up.

Don't Blame Others For Your Failures

It's always your fault.

Don't Give Up Too Soon

It is not going to be easy like one-two-three--so have patience and perserverance.

Don't Hold On Forever

You can tell when something is lost. If the loss is overwhelming and you have no choice, hanging on might be better than letting go, but this risk is one that should not have been taken in the first place. Let a bad situation end. Don't prolong it.

Don't Risk Your Life Unless The Odds Of Death Are Certain

If the doctors give you two years to live without the operation, but claim that in a year you will be too weak to survive, you'd better consider having it now. You risk when the odds are best.

Do Try To Understand How The Odds Fluctuate

Know the factors that influence your risk. Use the odds in your favor. When conditions are changing, observe them as long as you can without giving too much away. Sailing when the tide is full may be only an approximation, but it works best.

Don't Trust Blindly

Thieves and shysters will try to take advantage of your inhibitions and work on your blind spots. Know your own base qualities: your greed, your self-centeredness, your dishonesties. Then no one can play to them and lead you by the nose. You have to be your own master when you risk.

Do List Everything That Can Go Wrong--And Why

You'll pick up problems sooner because you'll be looking for them.

Do List Everything That Should Go Right--And Why

What items in these two lists are likely to change? Which are likely to remain assets? Liabilities? Can an asset turn against you? Can you use a liability to your advantage?

Do Take Your Own Risks

Whenever you allow someone to take your risks for you, you are putting your fate into the hands of someone who cannot take your interests to heart the way you would. If you need someone to take

your risks, you are gaining no experience and when the day comes that you will have to risk on your own, you are more likely to be overwhelmed, more likely to fail.

Don't Take Anyone Else's Risks

If you take other people's risks for them, they do not have the opportunity to grow. When you take children's risks for them, you are acting as protector. To act as another adult's protector implies possession, invites resentment and is sticking your nose in other people's business. If you take another person's risk and fail, you deserve all the trouble you'll get.

Do Be Serious

Risking makes everyone anxious and anxiety makes people joke and pretend a situation isn't serious when it is. Don't be fooled into playing around when the stakes are high. This may be a tension breaker, but it could lead you to be careless and self-destructive.

Don't Take Time Out When You Are Risking

The time of risking is the moment of truth. You'll have to spend all of your time focused on the risk at hand. You'll be working overtime without breaks, without thanks, till the crisis is past. When you are risking, you are risking, and nothing else is important. Of course when a risk is long term you can take breaks, but all time spent risking should be spent in earnest concentration. The secret of success in most risks is not letting up while there is something you can do to affect the outcome in a positive way or to limit losses.

Do Leave Well Enough Alone

If you have your desired result, if the pendulum has swung in your direction, you have momentum going. Keep the pressure on, but

don't overdo it. There is sometimes very little difference between a nice head of steam and a runaway process.

From: "The Dos and Don'ts of Risking", by David Viscott in Risking. Copyright © 1977 by David Viscott. Reprinted by permission of SIMON & SCHUSTER, a Division of Gulf & Western Coporation.

RISK TAKING

This article points out the value of taking calculated risks and explains how to make intelligent assessment of risks. It explains the importance of risk taking in decision making, and illustrates the interrelationship between risk taking and the entrepreneurial skills of goal setting, inner control and reality perception.

1. What is the difference between taking a risk and being foolhardy?
2. How can developing your risk-taking skill help you to become better at handling life situations?
3. What risks are involved in putting off making a decision?
4. How does this article relate to inner control?
5. What guidelines are given for intelligent assessment of risks?
6. What are the rewards of risking it?

REWARDS OF RISKING IT

Several winters ago, on my first ski trip to Stowe, Vt., I stepped off the lift which had carried me to the top of Mt. Mansfield, checked my bindings and sized up the situation. Leading down to the postcard-size valley below were the beginners' slope billowing gently off to one side; a steeper intermediate slope, and finally an advanced slope that seemed to plunge 3000 feet straight down.

I had skied many times on slopes near home, and my first inclination that morning was to set off down the intermediate slope, the kind I was used to. But through a knot of fear that tightened my throat, a small voice whispered, "You're experienced enough. What's stopping you from trying the most difficult slope?" Without waiting for alibis, I pushed off.

I'm glad now that I didn't hold back. Of course, I took some spills, but tackling the advanced slope was the breakthrough that opened up a whole new realm of skiing pleasure. The real lesson that experience brought home, though, was the value of taking calculated risks, not only in sports but in all of life.

Risk taking is the essential first step in making decisions, crossing new frontiers of knowledge, accepting responsibility for discovering who we are and what we can do. In times of emergency, a background of risk taking is our surest safeguard against danger.

Intelligent risk taking has nothing to do with bravado and foolhardiness, or with impulse and dumb luck. The constructive risk is always based on fact and preparation, and guided by reason. This does not diminish the courage required to take risk. Sir Edmund

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Adapted from "The Rewards of Risking It" by John Kard Lagemann. Reprinted with permission from the January 1967 Reader's Digest. Copyright © 1967 by the Reader's Digest Association, Inc.

Hillary made the most painstaking preparations before his historic conquest of Mt. Everest, but it still took dauntless courage to brave the icy steeps of the world's highest mountain.

During World War II, Dr. E. Paul Torrence, now a University of Georgia psychologist, studied U.S. aces flying in the Pacific theater. "The most salient characteristic of the ace," Dr. Torrence told me, "was his risk-taking ability. Throughout his life he had kept testing the limits of his abilities" The life histories of these men showed that they were highly resistant to accidents, and in combat they suffered fewer casualties than pilots who were inclined to play it safe. "Living itself is a risky business," says Dr. Torrence. "If we spent half as much time learning how to take risks as we spend avoiding them, we wouldn't have nearly so much to fear in life."

You don't have to wait for emergencies or momentous occasions to learn the art of risk taking. You can practice it daily by standing up for what you believe, by making firm decisions instead of procrastinating, by doing something you always wanted to do and never dared. The rewards of such practice in risk taking are greater self-confidence and insight, more rewarding relationships with others, and a more vivid and effective personality.

The commonest and most difficult form of risk taking occurs when you face having to make a decision. There is always the chance that you may make the wrong one. Unable to accept that risk, some people keep hesitating to make up their minds, and simply drift. A friend of mine, for example, had an idea early in her career for a revolutionary new printing process. To develop it, however, meant quitting her job and spending her life savings on a few years of experimentation. Year after year she put off the decision. Finally, someone else came out with the same process.

Under stress people who have not learned to take risks simply freeze because they have never discovered how far they can try their

luck without being foolhardy. Sometimes, though, we must take risks to avoid catastrophe.

Several years ago, my wife and I were invited by friends in the Caribbean to take a cruise in their cabin sailboat. On the second day out, we ran into heavy seas and learned that a tropical storm had developed just ahead of us. Turning back, we headed for our home port with auxiliary engine running full speed. We were only a mile outside breakwater, and could see the flashing beacon that marked the entrance to the harbor's shelter and safety, when the storm descended. "Thank heavens, we're almost there," I thought, when, to my astonishment, the skipper turned the boat around and headed into the center of the storm.

"Sure, it's risky," the skipper yelled in answer to my startled protest, "But it's better than breaking up on those rocks."

Hours later, when the storm slackened, we scurried into port, and I saw what was meant. The breakwater was littered with the wreckage of a fishing boat which had crashed on its seaward side, and the crowded harbor was a shambles of boats which had parted from their moorings and piled up against the docks. Our skipper had learned through years of experience that in order to win safety a real risk had to be taken.

How can we be sure in advance that the decision we make is the best? We can't. But as Gen. Omar N. Bradley, former chief of staff of the U.S. Army, points out: "A second-best decision quickly made and vigorously carried out is better than the best decision too late arrived at and half-heartedly carried out. In everyday affairs, as in battle, we are given one life to live, and the decision is ours, whether to wait for circumstances to make up our mind or to act, and in acting, to live."

"Act or be acted upon," Brigham Young exhorted the Mormons who were headed west to begin a new life in the Utah deserts. It is a

choice that all of us face every day of our lives. To act is to take risks. To be acted upon is to divest ourselves not only of responsibility but of control.

How do you make an intelligent assessment of the risks involved, and decide whether or not to go ahead?

First, define your goal. There is no virtue in taking a risk to attain something that may be of doubtful value. Why, for example, risk your life crossing against a red light? The goal--to save a few seconds--is not worth the danger.

Having determined that your goal is a significant one, estimate the odds against achieving it and ask, "Are they reducible?" To reduce them, get all the facts; be as realistic as possible in sizing up the situation. For example, if your goal were to win a competitive examination or a scholarship the obvious way to improve your chances would be by long, concentrated study. However, there is no point in trying to accomplish something for which you are unqualified. Realistic self-assessment is the basis of intelligent risk taking.

After making every possible preparation, you will find that the odds are still not 100 percent in your favor. That's where the risk comes in. No matter how carefully you prepare, you will always find that there is a gap between your present situation and a desired goal. Eventually, you have to decide whether to leap that gap or to stay on your side of it.

"To venture is to risk anxiety, but not to venture is to lose yourself," says the Danish philosopher Soren Kierkegaard. Like happiness, security is an elusive goal. To find it, you have to risk it.

USING FEEDBACK

One source of feedback which can be valuable in helping solve problems or gain new perspectives on situations is advice from other people. Unfortunately, many people close their minds to such feedback by assuming that a problem cannot be solved or a situation cannot be changed. This article describes one way people often reject feedback, and describes the results.

1. How do people use excuses to reject feedback?
2. If making excuses such as those in the anecodote described results in unhappiness and lonliness, why do people continue to make them?
3. What "inexcusable excuses" have you heard in the business world?
4. How does this article relate to inner control?
5. What does the author mean by "the cocoon has got to go?"

THOSE INEXCUSABLE EXCUSES

I met an acquaintance between the cereal and the tomato juice in the local market, and we double-parked our shopping carts to chat.

"You look terrific!" she said.

"I feel good," I admitted, "since I've taken off ten pounds. I've been going to Weight Watchers, and I have ten more pounds to go."

"Gee, I wish I could lose weight."

"C'mon and join! Keep me company!"

"Yes--but I don't like to drive at night!"

"No problem. I'll pick you up in my car, Wednesday at 7:30."

"Yes--but...well, I'd have to get a sitter, and that, plus the price of the meeting, can be pretty expensive."

"Tell you what. I have a whole bunch of slimming recipes I'll send over, and you can diet by yourself. We'll compare our losses over the phone."

"Yes, but I don't think that'll work. Diets are hard for me to stick to. I overeat all the time because I'm so lonesome."

"Come to the PWP discussion group this Thursday. Meet some new people!"

"Yes but--the babysitter, remember?"

"Look, there's Chapter family-bowling on Sunday. THAT'LL solve all your problems! Bring your kids--it'll be fun!"

"Yes...but they really don't like to go to things like that, because they don't know anybody. You know how kids are!"

I don't remember what we talked about next, except to recall that the conversation went downhill from there, and I fervently hoped we wouldn't meet again in the next aisle. I felt a little guilty at not having the courage to say, "Friend, you don't want help. You want someone to watch you wallow in self-pity."

Whenever I hear "yes, but" or other excuses which automatically reject alternatives or solutions to problems, I see unhappy people whose attitude will trap them into remaining unhappy.

"Yes, but..." is a polite way of saying, "I don't want to" or "I'm afraid to" to any situation in particular, and to life in general. The sad thing is that repeated broadcasts of this message don't evoke sympathy; they repel, rather than attract, others.

Here are some excuses which flash the "poor me" signal. They signify a treadmill syndrome, a vicious cycle of self-pity and unhappiness: "Yes but... I don't know how to (dance) (play bridge) (cook) (ski)." "Yes, but... I don't like to (make small talk) (drive at night) (plan ahead)." "Yes, but... I'm too (young) (old) (unskilled) to try that." "Yes, but...the group is too (large) (small) (far away) (cold)." "Yes, but...it's hard to (get out) (lose weight) (make friends)." "Yes, but...they're all (creeps) (too serious) (too frivolous) (too snobby)." "Yes, but...I can't afford (new clothes) (to go) (a vacation) (a babysitter)."

There's a wonderful line from Mame: "Life is a banquet, and half of the poor bastards are starving to death." Most certainly, life is to live, with vibrancy and with joy.

To remind myself of this fact, I've tacked a poster on my wall: "You can fly, but the cocoon has to go." Many of us are wrapped in cocoons of "yes buts." We're trapped in our self-made prisons of fear. We're so busy feeling sorry for ourselves that we're missing the fun of the parade, of being alive.

Facts can't be changed; responsibilities can't be changed. Attitudes about them, can be changed. Many of us have found life joyful and exciting--discovering the wonders of nature, savoring the satisfaction of accomplishment, relishing the miracles of friendship, pleasuring in the adventure of today and the anticipation of tomorrow. Some people miss this--they're still wrapped in their cocoons of excuses.

Last week I saw my overweight friend again. It had been six months. I asked her how she was doing, and she said she was lonely and unhappy.

"Yes but," I thought to myself, "I could have predicted that."

Mav I invite you to consider this suggestion? The next time you're down in the dumps and a buddy suggests a solution to a problem, stifle the "Yes, but..." and substitute "Why not?"

That cocoon has got to go!

From: "Those Inexcusable Excuses" by Jean Saxe, in THE SINGLE PARENT May, 1978. Copyright 1978, Parents Without Partners. Reprinted by permission.

USING FEEDBACK

The use of feedback to check on the reality of our perceptions is important to human relations both in business and non-business situations. This article presents a model to explain how giving and asking for feedback affects our relationships with others. It suggests that giving and getting feedback is beneficial to interpersonal relations. Readers may wish to think about this in terms of relationships with employees, customers and competitors.

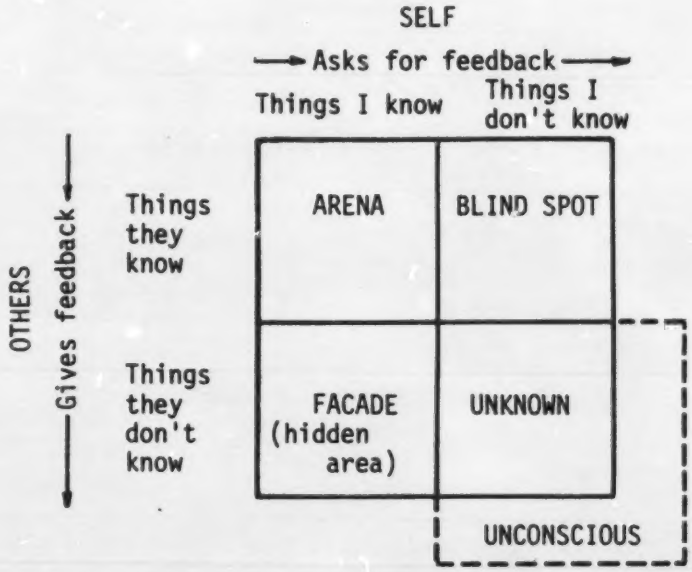
1. What are the two dimensions on the Johari window? Why are both important?
2. What do the four "panes" of the Johari window represent?
3. How can we decrease the size of our blind spots?
4. What is the meaning of the facade? In what situations might it not be appropriate to decrease its size?
5. Draw a Johari window for yourself. Ask another person to draw one for you. How do they compare? Did this experience change your window?
6. This article refers to personal situations only. How can the Johari window be applied to business situations?

THE JOHARI WINDOW: ASKING FOR AND GIVING FEEDBACK

The process of giving and receiving feedback is an important skill. It is through feedback that we are able in the poet's words, "to see ourselves as others see us." It is also through feedback that other people know how we see them. Feedback is a verbal or non-verbal communication to others, giving information as to how their behavior is affecting you or the state of your here-and-now feelings and perceptions (giving feedback). Feedback is also a reaction by others, usually in terms of their feelings and perceptions, as to how your behavior is affecting them (receiving feedback). The term was originally borrowed from electrical engineering. In the field of rocketry, for example, each rocket has a built-in apparatus which sends messages to a steering mechanism on the ground. When the rocket is off target, these messages come back to the steering mechanism which makes adjustments and puts the rocket back on target again. Through the process of feedback, we can also be kept on target.

The process of giving and receiving feedback can be illustrated through a model called the Johari window. The window was originally developed by two psychologists, Joseph Luft and Harry Ingham, for their program in group process. The model can be looked upon as a communication window through which you give and receive information about yourself and others.

Looking at the four panes in terms of columns and rows, the two columns represent the self and the two rows represent other people. Column one contains "things that I know about myself"; column two contains "things that I do not know about myself." Row one contains "things that others know about me"; row two contains "things that others do not know about me." The information contained in these rows and columns is not static but moves from one pane to another as the level of mutual trust and the exchange of feedback varies. As



a consequence of this movement, the size and shape of the panes within the window will vary.

The first pane, called the Arena, contains things that I know about myself and about which others know. It is an area characterized by free and open exchange of information between myself and others. The behavior here is public and available to everyone. The Arena increases in size as the level of trust increases between the individual and others and more information is shared.

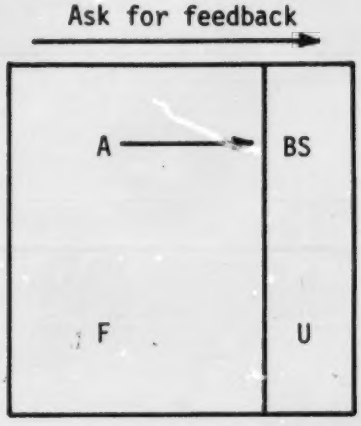
The second pane, the Blind Spot, contains information that I do not know about myself but of which others may know. I communicate all kinds of information of which I am not aware, but which is being picked up by other people. This information may be in the form of verbal cues, mannerisms, the way I say things, or the style in which I relate to others. The extent to which we are insensitive to much of our own behavior and what it may communicate to others can be quite surprising and disconcerting. For example, a colleague once told me that every time I was asked to comment on some issue, I coughed before I answered.

In pane three are things that I know about myself but of which others are unaware. For one reason or another I keep this information hidden from them. My fear may be that if others knew of my feelings, perceptions, and opinions they might reject, attack, or hurt me in some way. As a consequence, I withhold this information. This pane is called the "Facade" or "Hidden Area." One of the reasons I may keep this information to myself is that I do not see others as supportive. My assumption is that if I start revealing my feelings, thoughts, and reactions they might judge me negatively. I cannot find out, however, how others will really react unless I test these assumptions and reveal somethings of myself. In other words, if I do not take some risks, I will never learn the reality or unreality of my assumptions. On the other hand I may keep certain kinds of information to myself when my motives for doing so are to control or manipulate others.

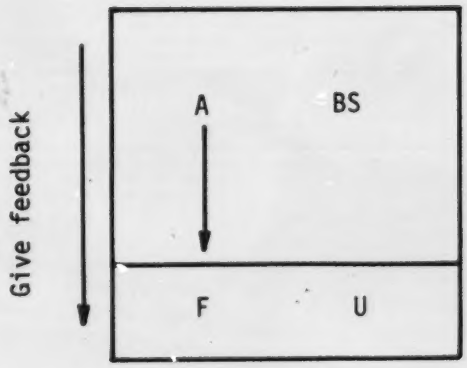
The last pane contains things that neither myself nor other people know about me. Some of this material may be so far below the surface that I may never become aware of it. Other material, however, can be made public through an exchange of feedback. This area is called the "Unknown" and may represent such things as early childhood memories, latent feelings and unrecognized resources. Since the internal boundaries can move backward and forward or up and down as a result of asking for or giving feedback it would be possible to have a window in which there would be no Unknown. Since knowing all about oneself is extremely unlikely, the Unknown in the Model illustrated is extended so that part of it will always remain unknown. In Freudian terms, you can call this extension the "Unconscious."

One goal we may set for ourselves is to decrease our Blind Spots, i.e. move the vertical line to the right. How can I reduce my Blind Spot? Since this area contains information that other people know about

me, but of which I am unaware, the only way I can increase my awareness of this material is to get feedback from others. So I need to develop a receptive attitude to encourage feedback. That is, I need to ask feedback from others in such a way that they will feel comfortable in giving it to me. The more I do this, the more the vertical line will move to the right.

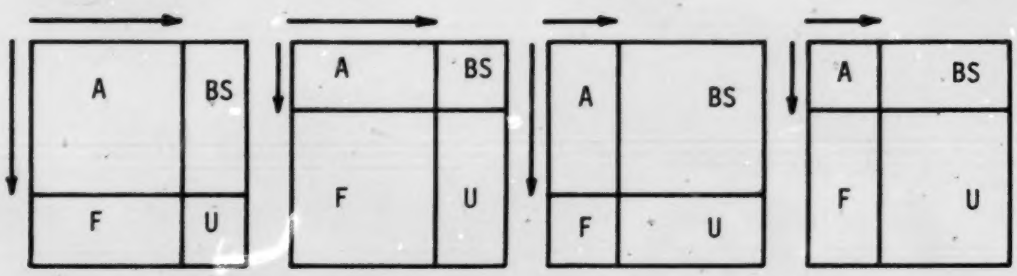


i.e., move the horizontal line down. How can I reduce my Facade? Since this area contains information that I have been keeping from others, I can reduce my Facade by giving feedback to others. Through this process people know where I stand and do not need to guess about or interpret what my behavior means. The more feedback I give, the farther down I push the horizontal line.



You will notice that while we are reducing our Blind Spots and Facades through the process of giving and asking for feedback, we are, at the same time, increasing the size of our Arena or public area.

In the process of giving and asking for feedback some people tend to do much more of one than the other, creating an imbalance of these two behaviors. The size and shape of the Arena, therefore, is affected by both the amount of feedback shared and the proportion of giving versus asking for feedback. In order to give you some idea of how to interpret windows, I would like to describe four different shapes which characterize extremes in terms of asking for and giving feedback. These descriptions will give you some idea of how people, characterized by these windows, might appear to others.



1 IDEAL WINDOW

2 INTERVIEWER

3 BULL-IN-CHINA-SHOP

4 TURTLE

Number one is an "Ideal Window" in any important relationship. The size of the Arena increases as the level of trust increases. The large Arena suggests that much of the person's behavior is aboveboard and open. As a result, there is less tendency for others to interpret (or misinterpret) or project more personal meanings into the person's behavior. Very little guesswork is needed to understand what the person is trying to do or communicate when interactions are open. It is not necessary, however, to have a large Arena with everybody. The people with whom you have casual acquaintances may see this kind of openness as threatening or inappropriate.

The large Facade in window number two suggests a person whose style is to ask questions of others but not to give information or feedback. Thus the size of the Facade is inversely related to the amount of feedback flowing out from the person. This person wants to know where other people stand before making a commitment. You'll notice that the "asking for feedback" arrow is long, whereas the "giving feedback" arrow is short. It is hard to know where the "interviewer" type stands on issues. This style may eventually cause irritation and distrust in others.

Window number three has a large Blind Spot. Those people give feedback but ask for very little. They tell others what they think of them, how they feel and where they stand on issues, believing that they are being open and aboveboard. For one reason or other, however, they either appear to be insensitive to the feedback given to them or do not hear what others are saying. Other people may become reluctant to continue to give feedback. This person's "asking for feedback" arrow is very short while the "giving feedback" arrow is long. This style of interaction comes across as a "Bull-in-the-China-Shop."

The last window, having the large Unknown, represents people who do not know much about themselves, nor do others know much about them. As you can see in window number four, the "asking for" and "giving feedback" arrows are very short. It is difficult for other people to know where they stand with these people. They appear to have a shell around them which insulates them from others. These people may say, "I learn more by listening." They get very little feedback because they do not provide any information to which others can react. The person characterizing this window is called the "Turtle" because the shell keeps the person from getting out and other people from getting in. It takes a considerable amount of energy to maintain an Arena this small. Energy channeled in maintaining a closed system is not available for personal growth.

The goal of asking for feedback or giving feedback is to move information from the Blind Spot and the Facade into the Arena, where it is available to everyone. In addition, through the process of giving and receiving feedback, new information can move from the Unknown into the Arena. Movement of information from the Unknown into the Arena can be called "insight" or "inspiration."

It is not an easy task to give feedback in such a way that it can be received without threat to the other person. This technique requires practice in developing sensitivity to other people's needs and being able to put oneself in other people's shoes.

Reprinted from John E. Jones and J. William Pfeiffer (Eds.), The 1973 Annual Handbook for Group Facilitators, San Diego, CA: University Associates, 1973. Used with permission.

USING FEEDBACK

In communicating with others, we must ensure that our approach does not act as a block to obtaining the feedback or information necessary to understanding other people. This article suggests techniques which help us to become good listeners, thereby encouraging those with whom we come in contact to be more open and communicate more freely.

1. How did the vice president of operations fail to use available feedback by his actions?
2. What information should be listened for besides facts? Why?
3. What steps can be taken to ensure good communication?
4. What suggestions are given for communicating in a way that encourages people to give you feedback?
5. How do nonverbal actions assist communication?
6. What kinds of behavior discourage open communication?

HOW TO BE A BETTER LISTENER

A recently appointed vice president of operations of a machine tool manufacturer found that unanticipated problems--such as materials shortages, cost overruns, machine downtime, and lost orders--kept cropping up. Evidently, he assumed, the company's reporting system was not providing him with adequate timely information.

He called in the corporate information system's staff and asked them to review his reporting systems. The staff then developed a new set of reports--but he found the same unforeseen problems kept recurring.

The vice president then felt sure that a basic organizational problem was leading to these difficulties. He called in a management consultant, and the consultant soon spotted the trouble. The information the vice president needed was readily available. But it was not being presented to him. The fault lay with the executive, not with the organization. Whenever potential problems were being discussed, the consultant discovered, the vice president quickly began to assess blame instead of calmly seeking solutions.

As a result, no one dared to bring potential problems to his attention.

He was not a listener.

THREE CONDITIONS TO MEET

Communications difficulties are a universal problem in business organizations. All too often, we forget that communicating is a two-way process that involves listening and responding to messages as well as giving them. Too often, real, ongoing communication upward to management is obscured, largely because managers won't or can't hear what is going on.

Three conditions must be met before communication can take place successfully. Subordinates must:

1. Know what their seniors need to hear.
2. Be given the chance to provide this information.
3. Work for people who can accept it in a way that will not discourage disclosure.

Remember, reports are just one channel of communication. Only a part of the information executives need can be transmitted in writing. Many facts, nuances, and feelings can't be adequately presented on paper.

Therefore, managers must be able to obtain information through personal contact. Otherwise, they cannot be fully informed. Thus, otherwise excellent managers may not be truly effective unless they are good listeners.

WHEN TO LISTEN

Any time you talk with one or more people, you are in a listening situation. This may be at a private conference with an individual subordinate or at a group meeting, whether a formal presentation is being made or not. It may also occur when talking with people outside the organization, such as a client to whom you are selling or a sales representative who is trying to sell to you.

In any of these circumstances, the people with you will have facts, opinions, or feelings that you should know about. Without learning about them, particularly if they come through disguised so as not to upset or contradict you, you will not have accurate, complete information on which to base decisions.

Your staff may have additional information or feelings which, had you been aware of them, might have led you to different conclusions.

At the same time, it should be remembered that listening is not accomplished solely through what is said. How something is said, what is not said, and other nonverbal aspects all provide information.

WHAT TO LISTEN FOR

Facts, while obviously important, are not the only thing to listen for. Subjective data--thoughts, feelings, and beliefs--also provide important information.

For example, it is necessary to know that a particular sale was lost because of pricing. But it is also important to learn if the sales representative did or did not create a relationship with the prospective customer that could result in future sales.

This additional information sometimes has to be carefully drawn out by an alert manager.

Likewise, you should listen to ideas and opinions. Perhaps a new approach to pricing should be considered in view of the last sale. But the full story will not be told if the person who did not land the order is put on the defensive.

To get all the information they need to hear, managers must create an environment in which subordinates or peers can speak up without fear of reprisal or criticism. Inattention also can quickly dam up communications.

Many managers ask their subordinates for information or opinions. However, they often create situations in which their juniors will not be able to offer facts or opinions fully and frankly. This may happen because managers, despite what they say, appear to be uninterested. Also, they may react negatively to unpleasant news or make it hard to say what they don't want to hear.

Thus an authoritarian, fault-finding approach will make it difficult for others to believe that the boss really welcomes their information.

Even where employees don't feel threatened, additional steps are needed to ensure good communications:

- Create a pleasant, businesslike setting. While you can discuss many subjects in office corridors or in the cafeteria, free flow of business communications should be fostered in a more formal setting. A quiet, comfortable office is one of the best places to establish a good listening environment.

- Minimize interruptions. Limit telephone calls and visits by others as much as possible when trying to hear what a subordinate has to say. In other words, focus on the person.
- Pick a good time to listen. Late Friday afternoon, when people are tired or thinking about the weekend, can be a bad time to try to communicate. Fairly early in the morning, when both parties normally are fresh, is often a better choice.
- Break off meetings if the atmosphere isn't conducive to good communications. If you are becoming upset or if there are too many interruptions, it's better to reschedule the meeting. You can learn more when you reconvene than you would if the original meeting fails because of the wrong environment.

WHEN IT'S YOUR TURN TO TALK

In order to listen, you must respond positively, both verbally and non-verbally, to what is spoken and how it is said. To ensure full disclosure from others, you should:

- Speak understandably, with terminology similar to that of the speaker.
- Repeat statements for clarification.
- Use verbal reinforcers, such as "yes" and "I see."
- Use first name or "you."
- Give information that the speaker doesn't know, when that is appropriate.
- Answer questions frankly when you can. Otherwise, indicate that questions can't be answered.
- Use humor that does not offend.
- Phrase interpretations tentatively so that genuine feedback is produced from the speaker.
- Don't pass judgment on what the other person says.

It is important not to criticize. When listening and afterward, do not downgrade opinions or attitudes. Punishments and rewards should be separated from what's said and associated with performance. You won't learn much, either, if you play the hard-boiled boss and make the speaker play the underling.

In other words, exclude blaming, cajoling, exhorting, demanding, patronizing, straying from the subject, intellectualizing, or over-analyzing.

THEN THERE'S BODY LANGUAGE

There are nonverbal actions, as well as words, that can help or hinder communications. These make up the so-called body language of which we've heard so much lately.

Nonverbal actions which assist communications include:

- Maintaining eye contact.
- Occasionally nodding the head in agreement.
- Smiling and showing animation.
- Leaning toward the speaker.
- Speaking at a moderate rate, in a quiet tone.

As with verbal responses, body language can be negative, particularly when used in excess or contrary to your character. If so, it will diminish the flow of informaton. Thus, you should avoid:

- Looking away or turning away from the speaker.
- Sneering or using other contemptuous gestures.
- Closing your eyes.
- Using an unpleasant tone of voice.
- Speaking too slow or too fast.

PRAISE, DON'T THREATEN

Thus, there are many ways you can help or hinder the speaker and, in turn, affect what is presented to you.

If you work at it, you can gradually get your associates to talk more openly. One way is to praise them for being frank.

This does not mean that you should not, when appropriate, voice your feelings about being disturbed or unhappy. But this should be done in a constructive, nonthreatening way.

By coming across as a real listener, you as a manager, will be in a much better position to establish good communications. When that's done, you can really learn what is going on within the organization and use the talents and information of your subordinates fully. But becoming a good listener is like learning to eat raw oysters. You must work at it.

Adapted from: "How to Be a Better Listener", by Sherman K. Okun. Reprinted by permission from NATION'S BUSINESS, August, 1975. Copyright © 1975 by NATION'S BUSINESS, Chamber of Commerce of the United States.

Resources in Management Skill Areas

Two types of resources are recommended in this section. The first lists a number of textbooks which address management skill areas essential to starting and operating a business.

The second type of resource consists of a listing of selected Small Business Administration (S.B.A.) pamphlets. Again, the materials relate to the management skill areas.

The resources suggested in this section have two purposes. First, they may be used to introduce students to the management skill areas during LEVEL I. Six management skill areas are incorporated into the LEVEL I sessions. The remaining three areas may be introduced at the discretion of the instructor depending on student interests and availability of time.

The resources may also be used as aids by students as they plan and complete their projects. The instructor may decide to adopt one of the textbooks as a principal text, and refer students to the remainder for reference purposes. The S.B.A. pamphlets, which can be obtained free of charge, may be used as alternative or additional resources.

SELECTED TEXTS

The instructor may already have a preference for a textbook which provides suitable readings in the management skills or project areas. The following are additional suggestions.

1. Baumback, Clifford M., et. al. How to Organize and Operate a Small Business. Prentice-Hall, 1973.

2. Dible, Donald M. Up Your Own Organization. Entrepreneur Press, 1971.

3. Klatt, Lawrence A. Small Business Management: Essentials of Entrepreneurship. Wadsworth, 1973.

4. McFarlane, William N. Principles of Small Business Management. McGraw-Hill, 1977.

5. Pickle, Hal and Royce Abrahamson. Small Business Management. Wiley-Hamilton, 1975.

6. Siropolis, Nicholas C. Small Business Management: A Guide to Entrepreneurship. Houghton-Mifflin, 1977.

7. Tate, Curtis E., Jr., et. al. Successful Small Business Management. Business Publications, Inc., 1978.

On the following page, specific chapters from six of these texts are related to project themes or management skill areas. The text by Dible may be used as a general reference.

TEXTBOOK CHAPTERS RELATED TO MANAGEMENT SKILL AREAS

MANAGEMENT SKILL AREAS (Project Themes)	TEXTBOOK CHAPTERS					
	Baumback	Klatt	McFarlane	Pickle	Siropolis	Tate
Determining Product and Market	5,6	6	3	4,7 10	4	5 12
Selecting a Location	8	7	6,7	8,9	7	6
Obtaining Initial Capital	11	8	5	10	8	6
Choosing a Legal Form of Organization	-	7	4	3	6	6,8
Recordkeeping	25	11	9,10 11	13 14	11	20
Credit and Collection	20 24	10	15 21	22	15	22
Advertising and Sales Promotion	19	10	19	21	14	16
Employee and Community Relations	16	5 12	20 21	11 12	16 20	9,10 11
Insurance	15	-	14	17	19	23

SELECTED SBA PAMPHLETS

The following Small Business Administration pamphlets are suggested as reference materials. For convenience, they are listed twice. The first listing categorizes the pamphlets according to type of pamphlet, and can be used when ordering. The second listing categorizes the pamphlets according to the management skill areas. This listing will help students refer to materials when reading in the management skill areas and when working on projects.

Orders of five or fewer of each pamphlet may be made directly by calling toll free 800-433-7212. Orders of more than five of each pamphlet may be made to your nearest Small Business Administration office using the red order form, SBA 115 A. In Illinois, orders of more than five can be obtained from:

U.S. Small Business Administration
Room 414
1 North Old State Capitol Plaza
Springfield, IL 62701

LISTING ACCORDING TO TYPE OF PAMPHLET

Management Aids (MA)

170, 187, 189, 191, 194, 197, 199, 201, 203, 208, 218, 220, 221, 222, 223, 229, 230, 232, 236, 238, 241.

Small Marketers Aids (SMA)

111, 121, 124, 126, 128, 130, 139, 142, 143, 144, 145, 147, 148, 150, 152, 153, 154, 155, 160, 161, 162, 163, 166.

Small Business Bibliographies (SBB)

1, 2, 9, 12, 13, 15, 31, 42, 55, 64, 66, 77, 79, 89.

Others

OPE - 18 (SBA Business Loans).

LISTING ACCORDING TO MANAGEMENT SKILL AREAS

Deciding on a Product or Market

MA 187, SBB1, SBB2, SBB9, SBB12, SBB13, SBB42, SBB55, SBB64, SBB66, SBB77, SBB89.

Selecting a Location
MA201, SMA143, SMA152, SMA154.

Obtaining Initial Capital
MA170, MA235, SMA147, OPI-18.

Choosing a Legal Form of Organization
MA223, MA231.

Recordkeeping
MA220, MA229, MA241, SMA126, SMA130, SMA142, SMA144, SMA155, SMA166, SBB15.

Credit and Collection
MA232, SMA139, SBB31.

Advertising and Sales Promotion
MA194, MA199, MA203, MA230, MA236, SMA111, SMA121, SMA124, SMA160, SMA161, SBB79.

Employee and Community Relations
MA191, MA197, MA208, MA238, SMA128, SMA145, SMA162, SMA163.

Insurance
MA222, SMA148.